Tameside MBC

Statement of Accounts

2016/17

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

We have audited the financial statements of Tameside Metropolitan Borough Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the related notes, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

Respective responsibilities of the Assistant Executive Director, Resources (Section 151 Officer) and auditor

As explained more fully in the Statement of Responsibilities, the Assistant Executive Director, Resources (Section 151 Officer) 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Executive Director, Resources (Section 151 Officer); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and Financial Summary and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and Financial Summary and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

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

Respective responsibilities of the Authority and auditor

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

We are required under Section 20(1) (c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Basis for qualified conclusion

In considering the Authority's arrangements for securing economy, efficiency and effectiveness we identified the following matter:
In December 2016, Ofsted issued its report on the inspection of Children's Services in Tameside, which judged the service provided by the Authority to be inadequate. The report highlighted a number of issues in relation to service delivery, leadership, management and governance.

The Authority has responded with an Improvement Plan which has been submitted to Ofsted and is being overseen by the multi-agency Tameside Children's Services Improvement Board. At the date of our opinion the Improvement Plan is still in operation and a number of the actions are still being progressed.
The Ofsted assessment of inadequate is evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, except for the effects of the matter described in the Basis for qualified conclusion paragraphs above, we are satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2017. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Mike Thomas

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

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11 September 2017

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Narrative Report and Financial Summary

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

Narrative Report and Financial Summary

The following pages present the Council's accounts for the financial year ended 31 March 2017. By producing this report, the Council aims to give all interested parties – electors, local residents, Council Members, partners, local businesses and others - confidence that the public money that has been received and spent has been properly accounted for and that the financial standing of the Council is secure.

The purpose of this 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:

1) Corporate Leadership and Strategy;
2) The Profile of the Borough;
3) The year in review: Financial Performance in 2016/17;
4) Outlook: 2017/18 and future years;
5) The basis of the accounts;
6) The Financial Statements; purpose and summary; and
7) Financial strategy and the outlook for the future;

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

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. These accounts have been prepared two weeks in advance of previous years in preparation of the statutory deadlines being brought forward to 31 May and 31 July respectively in 2017/18.

1) Corporate Leadership and Strategy

The Corporate Plan 2016-21 is the Council's key strategic document for identifying its vision, ambitions and priorities. These are all influenced by local priorities, input from public consultation and consultation with local businesses, Government policies, performance information and external inspections. In the light of future financial constraints it has become even more important that the Council continues to align limited revenue and capital resources with key policy priorities. This involves the Council focussing more clearly on core services and priorities, whilst making difficult decisions to reduce or cease activity in other areas.

As an organisation the Council uses its resources such as money and people to get maximum benefit for communities in Tameside. The Corporate Plan 2016-21 sets out how we will have to change the way we work to achieve our vision and priorities. The Council is committed to only doing what matters, by understanding what people need, designing services to meet this need and reducing any costs and duplications that may exist.

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

At the heart of the leadership structure is the Executive Leader, supported by the Executive Cabinet Members. In turn, they are supported by the Executive Team led by the Chief Executive. Plans drawn up for each service area identify the priorities for that area within the context of the Council's overall priorities.

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

2) 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 detail of the nature of the Borough.

Population

The demographic of Tameside is similar to that in the rest of England, although it has slightly more under 16's than average and slightly fewer older people than average. It is also slightly less diverse than the England average. Office for National Statistics Mid-Year Estimates for 2015 show that Tameside had a total estimated population of 221,700. Within Tameside's population:

- 43,700 were aged 0-15 years (19.7% of Tameside's population);
- 139,600 were aged 16-64 (63.0% of Tameside's population); and
- 38,300 were aged 65 or over (17.3% of Tameside's population).

Tameside has a slightly higher proportion of residents aged under 16 (19.7% compared to 19% England overall) and fewer people aged 65 or over (17.3% compared to 17.7% England overall). Tameside's population is projected to increase to around 229,100 by 2024. Much of this growth is due to projected increases in the number of people aged 65 and over; a projected 18.3% change in this age group between 2014 and 2024. 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 Indices of Deprivation 2015:

- Of the 141 areas in Tameside, 8 of these fall within the worst 5% nationally and a further 16 fall within the worst 10% nationally;
- In total, 13.4% of Tameside residents live in income-deprived households;[1]
- Of those children aged 0-15, 13.7% live in income-deprived households (Income Deprivation Affecting Children Index); and

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

- Of those residents aged 65 and over, 4.5% live in income-deprived households (Income Deprivation Affecting Older People Index).

Education

- In Tameside, 55% of pupils met the expected standard in reading, writing and maths at Key Stage 2 compared to 53% nationally; and
- 63.5% of school children achieved GCSEs in English and Maths with a grade C or above compared to 63% nationally.

Economy

- The median annual income for a full time worker in Tameside in 2016 was £23,414. This is lower than both the North West median of £26,178 and England of £28,503[2];
- The unemployment rate has fallen in Tameside between 2016 and 2017. The proportion of the working age population claiming Job Seekers Allowance (JSA) in Tameside in March 2017 was 1.2% (1.4% in March 2016). The rate in Tameside is the same as the England average of 1.2%. Both female and male unemployment decreased during this period (female unemployment decreased from 1.0% to 0.9% and male unemployment decreased from 1.8% to 1.5%);
- 4.2% of young people aged 16 to 18 in Tameside were not in education, training or employment (NEET) in March 2017 with the highest ward rate in Hyde Newton (6.4%). The lowest ward rate was in Audenshaw (1.2%); and
- The Borough hosts over 7,300 business addresses, with a combined rateable valuation of over £148m.

Housing

- There are 101,573 homes on the valuation list in Tameside.
- 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 others; and
- 10.2% of Tameside households are in fuel poverty[3].

Health

Health and wellbeing in Tameside is generally worse than England with heart disease, stroke, cancer and liver disease being significant issues. Healthy life expectancy at birth is currently 58.8 years for females and 56.4 years for males in Tameside. This is significantly lower than the England averages. Life expectancy locally is 6.9 years lower for females and 8.9 years lower for males in the most deprived areas of Tameside compared to the least deprived areas. Driving out the causes of poor health and wellbeing, ensuring that all residents have the same opportunities to live and work well, while reducing the gap in life expectancy that exists between different parts of the Borough is a key priority for Tameside. Promoting positive health and wellbeing and tackling the causes of poor health and wellbeing is crucial in ensuring that everyone has the opportunity to live and work well in the Borough.

[2] Annual survey of hours and earnings - resident analysis (2016). 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] 2014 sub-regional fuel poverty data

3) The Year in Review: Financial Performance in 2016/17

a. Revenue Expenditure

The revenue outturn position for Council services, reported during 2016/17 is shown below. The table shows that the Council's net expenditure was less than budget by £8.376m at the end of March 2017.

Where services have spent in excess of their budget this will not be charged against the following years budget allocation. Where services have spent less than their allocation justification has been sought of the need to increase the following years budget allocation.

Directorate	Service	Budget £000	Outturn £000	Outturn Variation £000
People	Children's Social Care	25,878	28,684	2,806
People	Education	3,313	3,213	(100)
People	Adults' Social Care	42,064	42,019	(45)
	Total People	**71,255**	**73,916**	**2,661**
Place	Asset and Investment Partnership Management	2,580	3,344	764
Place	Environmental Services	46,999	46,068	(931)
Place	Development Growth and Investment	2,286	2,257	(29)
Place	Digital Tameside	1,817	1,817	(0)
Place	Stronger Communities	7,096	6,652	(444)
	Total Place	**60,778**	**60,137**	**(641)**
Public Health	Director of Public Health	1,400	1,506	106
Governance	Director of Governance and Resources	9,979	6,618	(3,361)
Other	Corporate Costs	5,878	4,162	(1,716)
Other	Capital Financing	18,364	11,598	(6,766)
Other	Other Cost Pressures and Funding	(5,353)	(4,013)	1,340
		30,268	**19,872**	**(10,396)**
	Total	**162,301**	**153,925**	**(8,376)**

This expenditure was paid from a combination of government and local revenue streams, the main one being council tax:

Resource	Funding £000
Revenue Support Grant	34,493
Retained Business Rates	27,480
Business Rates Top up	24,043
Collection Fund Surplus	1,000
Council Tax Income	74,333
Use of Balances	952
TOTAL	**162,301**

Both the level of Business Rates and Council Tax income has been closely monitored during the financial year and collection rates have remained strong. At the end of March 2017 the Council Tax collection rate was achieved at 93.7% and Business Rates collection rate achieved 96.4%.

b. Capital Expenditure

Investment in the Council's assets amounted to £31.372 million during the year. The main project in the investment programme is the Vision Tameside initiative which is to aid regeneration in the borough. Progress has been made in implementing phases 1 & 2 of the project which includes Clarendon Sixth Form College, Skills Centre and new Council administration block in the centre of Ashton-Under-Lyne. This is contributing to an ambitious and exciting regeneration of the borough and a total of £10.134m was incurred in 2016/17. Overall costs are being kept within the budget, with project management overseen by the Vision Tameside Project Board.

Further key capital investments made during the year include £4.834m in our school buildings, £3.579m investment in Active Tameside projects, £2.303m to improve the efficiency of street lighting and £2.326m investment in the Highways infrastructure to improve the Borough

There was some re-profiling within the capital programme which means that some schemes planned to be delivered in 2016/17 will have their funding carried forward to allow completion in 2017/18.

c. Financial Reporting

The Comprehensive Income and Expenditure Statement (CIES) included within these accounts shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax and other Government grants.

However, capital and revenue budgets are reported separately by the Council to senior officers, Members and others. Note 1 sets out the 2016/17 financial position in accordance with the Directorate structure under which the Council operates and the final financial monitoring information that has been presented to senior officers and Members.

d. Pensions Liability

The actuarial valuation of the Council's pension scheme liabilities and pension reserve as shown on the Balance Sheet have increased by £20.970m during the year. This is mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 30.

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

Change in Assumptions at 31 March 2017	Approximate % change to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	9%	112,418
0.5% increase in the Salary Increase Rate	1%	15,307
0.5% increase in the Pension Increase Rate	8%	95,680

e. Council Borrowing

The authorised limit for external debt for the Council for 2016/17 was £269.568m. The actual level of external debt outstanding at year-end totalled £131.253m. The Balance Sheet shows that at 31 March 2017, the Council had £112.776m of long term borrowing. The majority of this borrowing is from the Public Works Loan Board (PWLB), these loans have fixed rates and varying maturity dates from 1-2 years to more than 15 years. The Council also has debt in the form of market loans totalling £41.281m. In addition there was £20.350m of loans repayable within 12 months. The Council paid £6.064m of interest and similar charges in the year, (excluding Private Finance Initiative) and received £5.792m of interest and investment income.

f. Investment in Manchester Airport Group (MAG)

The Council's shareholding remains at 3.22%. The Council's external valuers have advised of an increase of £3.900m in the fair value of the Council's shareholding during the accounting period. The Council received dividend income of £4.006m during the year from its investment. It is a key item of income in the Council's MTFS and as such, the Council is highly unlikely to dispose of its shareholding.

4) Main changes to the Core Statements and Significant Transactions in 2016/17

In compliance with changes to the CIPFA Code of Practice on Local Authority Accounting 2016/17 a number of amendments have been made to the Council's core financial statements and supporting disclosure notes. This includes a simplified Movement in Reserves Statement and a Comprehensive Income and Expenditure Statement presented in the Council's reporting format, where previously the Net Cost of Services has been reported by SeRCOP classification. In line with International Financial Reporting Standards a full retrospective restatement of the 2015/16 Comprehensive Income and Expenditure Statement has been included within the 2016/17 Statement of Accounts. Further details of the restatement between SeRCOP and local reporting formats can be found in Note 1b, Prior Period Adjustments.

5) Significant Transactions in 2016/17

Re-statement of the 2015/16 Accounts

The 2015/16 Balance sheet and associated notes 08, 10a, 12 have now been re-stated to reflect the removal of one Academy, (New Charter) , value of £37.701m

Transfer of assets

During 2016/17 five schools have transferred to Academy status which has resulted in a significant loss on disposal as the associated assets are removed from the Council's Balance Sheet and the full amount (£6.373m) is recognised as a loss in the Financing and Investment Income and Expenditure line of the CIES. Further details can be found in Note 3.

Care Together

The vision of Care Together is to significantly raise healthy life expectancy in Tameside and Glossop through a place-based approach to better prosperity, health and wellbeing and to deliver a clinically and financially sustainable health and social care economy within 5 years.

Care Together is a transformational approach to enhancing the way in which the provision of health, care and support to the residents of Tameside and Glossop is improved. It is underpinned by three key ambitions:

i. To support local people to remain well by tackling the causes of ill health, supporting behaviour and lifestyle change and maximising the role played by local communities;

ii. To ensure that those receiving support are equipped with the knowledge, skills and confidence to enable them to take greater control over their own care needs and the services they receive;

iii. When illness or crisis occurs, we will provide high quality, integrated services that are designed around the needs of the individual and, where appropriate, are provided as close to home as possible.

Care Together is delivered by three organisations within the Tameside and Glossop locality :
Tameside Council, Tameside and Glossop Clinical Commissioning Group and the Tameside and Glossop Integrated Care NHS Foundation Trust.

On 1 April 2016, the Council and the Clinical Commissioning Group pooled resources within a formal agreement known as the *Integrated Commissioning Fund (ICF).* The fund includes the Council budget allocations of Adult Social Care, Children's Services and Public Health together with the total funding allocation of the Clinical Commissioning Group. The fund has three components; section 75 funding, aligned funding and in-collaboration funding with supporting details provided within note 47 of these accounts. The fund is underpinned by a formal financial framework agreement which is jointly approved by both organisations.

The ICF supports single commissioning arrangements within the locality with decisions taken at a joint committee of both organisations known as the Single Commissioning Board. It was determined that the Council would be the accountable body for the section 75 component of the fund.

The Single Commissioning Board received monthly financial monitoring reports during 2016/2017 on Care Together which comprised of the ICF together with the resource allocation of the Tameside and Glossop Integrated Care NHS Foundation Trust. Note 47 summarises the activity of the fund in 2016/17.

The ICF has evolved during 2017/18 with defined risk share arrangements implemented from 1 April 2017 between the Council and the Clinical Commissioning Group. This is an enhancement on 2016/2017 arrangements where it was agreed that each organisation would be liable for or benefit from its own deficit or surplus arising at 31 March 2017.

Children's Services

Following the inspection of Children's Services and the Tameside Safeguarding Children Board in Autumn 2016, Ofsted published the report into its findings on 9 December 2016 rating the overall effectiveness of Children's Services as 'inadequate' and the Tameside Safeguarding Children Board as 'requiring improvement'.

In response to the concerns raised by Ofsted the Tameside Children's Services Improvement Plan has been developed setting out how the Council and partners across the borough are addressing the recommendations made by Ofsted to deliver sustainable improvement.

Progress against the Improvement Plan will be monitored by the independently chaired Improvement Board with quarterly progress updates presented to the Executive Cabinet of the Council.

Children's services experienced unprecedented increases in demand during 2016/17. This is evidenced in the caseload details provided in the table below which compares end of year data from 2013/14 through to 2016/17.

Children's Services Casework	31 March 2014	31 March 2015	31 March 2016	30 June 2016	30 Sept 2016	31 Dec 2016	31 March 2017
Child Protection Plans	167	212	220	260	259	344	370
Children Looked After	423	417	427	436	445	485	509
Children In Need	860	825	695	683	972	1,218	1,874
Total	1,450	1,454	1,342	1,379	1,676	2,047	2,753

The increased demand experienced in 2016/17 led to significant additional expenditure during the year and was £2.8 million more than the budget allocation. The additional expenditure was incurred on the recruitment of increased numbers of social workers to support caseloads together with additional placements costs.

The Tameside Children's Services Improvement Plan is supported by additional investment which was included within the 2017/18 Council Budget Report approved by the Council on 28 February 2017. Additional recurrent budget provision of £6 million is included within the service budget from 1 April 2017 to cope with the additional demands on service provision alongside investment previously approved by the Executive Cabinet on 14 December 2016. This investment included the family group conferencing, edge of care and care to success initiatives. .

It is expected that the current demand within the service will decline over the medium term and an additional non-recurrent sum of £6 million is also included within the service budget over the medium term to facilitate service improvement initiatives.

External Factors

Following the Grenfell Tower disaster officers have done a full review of the Tameside Council owned high rise buildings, including schools. None of our buildings were found to have cladding of the type that caused the Grenfell disaster, and it has been confirmed that any new construction would not be clad in these materials. The Council has been assured that appropriate reviews have been conducted by New Charter and Ashton Pioneer Housing Associations. The Council continues to work with Greater Manchester Fire and Rescue to identify fire risks in the borough.

6) <u>Outlook: 2017/18 and Future Years</u>

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

The MTFS supports the Council's medium term policy and financial planning processes. Fundamentally the strategy is designed to help provide a stable financial base to support savings planning. The strategy also fits within a wider system of corporate planning.

Robust medium term financial planning is a key requirement in the current financial environment and it is actively securing the ongoing viability of service budgets.

The Council's MTFS has now been expanded to cover period up to and including 2019/20. To provide prudent resource estimates for these additional years is challenging but it is also an important part of thinking ahead, and not assuming that things will get easier. Forecasting future years' anticipated resources allows the Council to plan ahead and anticipate the level of savings required, allowing savings plans to be drawn up in advance of need.

The most recent MTFS is summarised below. It takes a prudent view of future income and expenditure and includes appropriate assumptions about likely levels of demand and cost increases, as well as the likely level of available resources. It shows how the cash resources available to the Council are expected to reduce over the near future.

Taken together, the impact of funding reductions and demand pressures has resulted in savings requirements of £14.1m in 2016/17 and an additional estimated £14m in the next three years from 2017/18 to 2019/20, so it can be seen that the Council is working with ongoing year-on-year pressures. Below is an extract of the Council's MTFS, which was included in the 2017/18 Budget Report approved by Council on 28 February 2017.

	2016/17 **£000**	**2017/18** **£000**	**2018/19** **£000**	**2019/20** **£000**
Total Spending Plans	162,301	177,396	182,718	185,043
Total Resources	(162,301)	(177,269)	(177,468)	(170,611)
Savings achieved	*(14,100)*			
Remaining gap to be addressed	0	0	(8,250)	(14,432)

The updated MTFS sets out the anticipated savings requirement for the period 2017-20. This is in the context of a number of challenges, both internal and external to the Council, including:

- Following seven years of austerity, the ability to continue the delivery of sustainable services to local people from continually reducing level of resources;
- Working with partners who are themselves experiencing rapid funding reductions or increasing demand, for example our *Care Together* work with local NHS partners to secure the best value from health and social care expenditure;
- The lead-in times for transformational changes in services under *Care Together* to deliver savings;
- Public sector reform and supporting the developing community budget process in Greater Manchester (including working with troubled families, social care integration and early years intervention);
- Devolution – supporting the delivery of a wider range of activities and responsibilities by working with partners across Greater Manchester;
- Increasing numbers of elderly people living in the borough;
- Increased demands from vulnerable children together with our work to secure improvements in services provided to children following the 2016 Ofsted judgement;
- Business Rates presents challenges, and opportunities, on a range of fronts including: existing outstanding appeals against rateable values; fresh appeals following the introduction of the new valuation list from April 2017; formation of a business rate pool with other councils in Greater Manchester and Cheshire; growth pilot scheme in Greater Manchester and; pilot devolution of 100% business rates.

Members and senior officers must remain focused on these issues and key challenges if the Borough is to remain in a strong financial position at the end of the planning period.

7) The Basis of the Accounts

The accounts that follow have been prepared to be:

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

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

c. Comparable: In addition to complying with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code'), the Service Reporting Code of Practice establishes proper practice to be followed with regard to consistent financial reporting on matters below the high level shown in the Statement of Accounts and therefore aids comparability with other local authorities.

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

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

e. Underlying Assumptions

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

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

Primacy of Legislation Requirements
- In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following are examples of legislative accounting requirements have been applied when compiling these accounts:
  - Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003;
  - The Local Government Act 2003 requires the Council to set aside a minimum revenue provision.

8) The Financial Statements: Purpose and Summary

The accounting statements have been prepared to comply with the requirements of the International Financial Reporting Standards (IFRS). The main statements are shown on pages 17-21, and further detailed information is presented in the accompanying notes.

a. 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 2016/17 was £477.683m, but after income is included the Cost of Services was £153.973m. Once other items of Operating Expenditure such as Precepts and Levies, as well as Financing and Investment Income and Expenditure and Taxation and Non-specific Grant Income are taken into account, the Council's Deficit on the Provision of Services was £8.197m.

The £11.108m increase in the Cost 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. So, the accounts include significant changes 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 mentioned above. Therefore, it should be noted that a large movement between years does not necessarily represent an increase or reduction in the level of spending in that area.

b. 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 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 Assistant Executive Director, Finance (Section 151 Officer) and due consideration is given to all local financial risks and liabilities when doing so (this is also reported in the Budget Report presented to Full Council each year).

At 31 March 2017, the MiRS shows that the Council retained General Fund Balances of £17.295m. This amount includes general unallocated amounts and includes a core level of working balances set at £17m to provide for truly unexpected liabilities

Also shown within usable reserves are £4.477m of Schools Balances. These amounts accrue from unspent school budgets, and are allocated to be spent in future years. The use of these amounts is determined by schools' governing bodies.

Finally, £188.520m of Earmarked Reserves are also included. These earmarked amounts are allocated to specific purposes or liabilities. A significant proportion of these reserves are required to support the Council's capital investment programme (£69.2m) and its Care Together programme, (£15.0m), referred to above. Given the uncertainty over the external financial environment within which the Council operates, the prudent step has been taken to earmark £31.0m to allow the Council to manage its medium term financial plans, either as non-recurrent support to permit sufficient time for savings to be consulted upon and delivered or to provide additional capacity for savings proposals to be identified, planned and then delivered.

A number of the Earmarked Reserves relate to specific liabilities that individual services have identified (such as Winter Gritting) and residual liabilities arising from the Building Schools for the Future programme. The full detail of these is set out in Note 11.

c. Balance Sheet

The Balance Sheet summarises the financial position of the Council at 31 March 2017 and shows the net worth of the Council's assets and liabilities of £139.617m. 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 £524.639m, a reduction of £5.840m from 31 March 2016. Approximately 20% of the Council's Land and Buildings were revalued in year.

Usable reserves have increased in line with the increase in the level of financial risk being faced by the Council. Reserves provide a way for the Council to ensure that any unforeseen financial impacts can be absorbed without immediately impacting on frontline service delivery.

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

d. Cash Flow Statement

This summarises the total movement on Cash and Cash Equivalents during the year for revenue and capital purposes.

e. Collection Fund

The Collection Fund is a fund administered by the Council that shows the transactions of the billing authority (the Council), in relation to the collection 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. It is a statutory requirement to maintain a Collection Fund.

The Collection Fund shows that the total balances to carry forward as at 31 March 2017 were a £11.467m surplus relating to Council Tax (£7.631m surplus in 2015/16) and a £6.660m deficit on NDR mainly attributable to the requirement to account for estimated Business Rates appeals (£2.369m deficit in 2015/16). These balances are the full amount and include that attributable to the Council, Central Government and Preceptors. The balance will be used, or recovered, in future years' financial plans.

f. Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

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

This shows that net income and expenditure for the year was zero. The total debt outstanding as at 31 March 2017 is £93.566m, and this is represented by the assets and liabilities of the Fund. The Fund has no long term assets (such as land or buildings) as it exists purely to administer the settlement over time, as set out in the statutory instrument.

g. Greater Manchester Pension Fund (GMPF)

The accounts of 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 £21.271bn at 31 March 2017, an increase of £3.946bn during the financial year.

h. 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.

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 Assistant Executive Director, Finance (Section 151 Officer). If you require further clarification or information about any of the items included in the accounts, please contact me at the address below.

Signed:

11 September 2017

Ian Duncan
Assistant Executive Director, Resources (Section 151 Officer)

Tameside Metropolitan Borough Council, PO Box 304, Ashton-under-Lyne, OL6 0GA

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 2017

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.

		2016/17			2015/16 Restated		
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Children's Social Care		31,498	(2,162)	29,336	30,034	(2,573)	27,461
Education		167,226	(154,008)	13,218	177,681	(164,356)	13,325
Adults' Social Care		78,753	(33,535)	45,218	80,797	(39,002)	41,795
Public Health		24,423	(15,815)	8,608	20,301	(15,013)	5,288
Stronger Communities		8,248	(946)	7,302	9,995	(1,011)	8,983
Asset and Investment Partnership Management		25,184	(16,432)	8,752	23,830	(23,911)	(81)
Environmental Services		31,749	(4,432)	27,317	28,850	(5,994)	22,856
Development Growth and Investment		7,906	(3,797)	4,109	5,209	(2,084)	3,125
Digital Tameside		3,202	(617)	2,585	2,799	(600)	2,199
Governance and Resources		97,098	(90,661)	6,437	101,514	(92,240)	9,274
Corporate Costs		2,396	(1,305)	1,091	9,956	(1,316)	8,640
			0	0			
Cost Of Services	1	**477,683**	**(323,710)**	**153,973**	**490,966**	**(348,101)**	**142,865**
Other Operating Income and Expenditure	2	36,902	(4,139)	32,763	77,963	(7,903)	70,059
Financing and Investment Income and Expenditure	3	33,782	(16,807)	16,975	38,624	(19,862)	18,762
Taxation and Non-Specific Grant Income	4	0	(195,514)	(195,514)	0	(192,260)	(192,260)
(Surplus) or Deficit on Provision of Services		**548,367**	**(540,170)**	**8,197**	**607,553**	**(568,126)**	**39,426**
Other Comprehensive Income and Expenditure							
Revaluation Losses	10			(14,446)			(3,653)
Remeasurement of Net Defined Benefit Liability	10			11,916			(89,040)
(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets	10			(3,901)			1,200
				1,766			**(52,067)**

Movement in Reserves Statement as at 31 March 2017

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

Restated	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015 *	**(17,207)**	**(10,166)**	**(165,841)**	**0**	**(11,755)**	**(204,969)**	**115,653**	**(89,316)**
(Surplus) or Deficit on the Provision of Services **	39,426					39,426		39,426
Other Comprehensive Income and Expenditure **						0	(91,493)	(91,493)
Total Comprehensive Income and Expenditure	**39,426**	**0**	**0**	**0**	**0**	**39,426**	**(91,493)**	**(52,067)**
Adjustments between accounting basis & funding basis under regulations ***	(56,488)			0	3,089	(53,399)	53,399	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(17,062)**	**0**	**0**	**0**	**3,089**	**(13,973)**	**(38,094)**	**(52,067)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	17,021	3,069	(20,090)			0		0
(Increase)/decrease in year	**(41)**	**3,069**	**(20,090)**	**0**	**3,089**	**(13,973)**	**(38,094)**	**(52,067)**
Balance at 31 March 2016 *	**(17,248)**	**(7,097)**	**(185,931)**	**0**	**(8,666)**	**(218,942)**	**77,559**	**(141,383)**
(Surplus) or Deficit on the Provision of Services **	8,197					8,197		8,197
Other Comprehensive Income and Expenditure **						0	(6,431)	(6,431)
Total Comprehensive Income and Expenditure	**8,197**	**0**	**0**	**0**	**0**	**8,197**	**(6,431)**	**1,766**
Adjustments between accounting basis & funding basis under regulations ***	(8,211)			(3,556)	(6,532)	(18,299)	18,299	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(14)**	**0**	**0**	**(3,556)**	**(6,532)**	**(10,102)**	**11,868**	**1,766**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(32)	2,621	(2,589)			0		0
(Increase)/decrease in year	**(46)**	**2,621**	**(2,589)**	**(3,556)**	**(6,532)**	**(10,102)**	**11,868**	**1,766**
Balance at 31 March 2017 *	**(17,295)**	**(4,476)**	**(188,520)**	**(3,556)**	**(15,198)**	**(229,045)**	**89,427**	**(139,617)**

* 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 2017

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 2017 £000	31 March 2016 Restated £000	31 March 2016 Prior to Restatement £000
Property, Plant and Equipment	12	417,063	428,789	465,966
Heritage Assets	13	12,471	12,471	12,471
Investment Properties	14	29,534	29,428	29,428
Intangible Assets	15	33	325	325
Long Term Debtors	18	19,469	17,297	17,297
Long Term Investments	19	46,069	42,169	42,169
Non-current Assets		**524,639**	**530,479**	**567,656**
Cash and Cash Equivalents	23	70,712	55,601	55,601
Short Term Investments	19	99,768	101,154	101,154
Inventories	21	484	347	347
Short Term Debtors	22	38,750	37,745	37,745
Assets Held for Sale (<1yr)	12a	1,502	960	960
Current Assets		**211,216**	**195,807**	**195,807**
Short Term Borrowing	19	(20,496)	(9,854)	(9,854)
Short Term Creditors	24	(33,192)	(38,037)	(38,037)
Short Term Provisions	26	(3,793)	(2,947)	(2,947)
Other Short Term Liabilities	25	(2,592)	(2,438)	(2,438)
Receipts In Advance (Grants and Contributions)		(992)	(387)	(387)
Current Liabilities		**(61,065)**	**(53,663)**	**(53,663)**
Long Term Borrowing	19	(112,776)	(119,256)	(119,256)
Long Term Provisions	26	(3,817)	(10,903)	(10,903)
Other Long Term Liabilities	25	(418,580)	(401,081)	(401,081)
Non-current Liabilities		**(535,173)**	**(531,240)**	**(531,240)**
Net Assets / (Liabilities)		**139,617**	**141,383**	**178,560**
Usable Reserves	9	(229,044)	(218,942)	(218,942)
Unusable Reserves	10	89,427	77,559	40,382
Total Reserves		**(139,617)**	**(141,383)**	**(178,560)**

The notes to the financial statements on pages 22-95 form part of this account.

The financial statements on pages 18-21 were approved by Overview (Audit) Panel on 11 September 2017 and signed on its behalf by:

Ian Duncan Dated: 11 September 2017

Assistanct Executive Director, Finance (Section 151 Officer)

Cash Flow Statement as at 31 March 2017

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	31 March 2017 £000	31 March 2016 £000 Restated
(Surplus) or Deficit on the Provision of Services		8,197	39,426
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(55,639)	(75,864)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	26,869	27,612
Net Cash Flows from Operating Activities		**(20,573)**	**(8,826)**
Net Cash Flows from Investing Activities	32	4,823	79,929
Net Cash Flows from Financing Activities	33	639	(557)
Net (Increase) or Decrease in Cash and Cash Equivalents		**(15,110)**	**70,546**
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	55,601	126,147
Cash and Cash Equivalents at the End of the Reporting Period	23	**70,711**	**55,601**

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

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 (ie 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.

2016/17	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	28,684	471	**29,155**	181	**29,336**
Education	3,213	128	**3,341**	9,877	**13,218**
Adults' Social Care	42,019	2,992	**45,011**	207	**45,218**
Public Health	1,507	(243)	**1,264**	7,344	**8,608**
Stronger Communities	6,652	395	**7,047**	255	**7,302**
Asset and Investment Partnership Management	3,344	(10,869)	**(7,525)**	16,277	**8,752**
Environmental Services	46,068	(33,806)	**12,262**	15,055	**27,317**
Development Growth and Investment	2,257	(600)	**1,657**	2,452	**4,109**
Digital Tameside	1,816	0	**1,816**	768	**2,584**
Governance and Resources	6,618	(178)	**6,440**	(2)	**6,438**
Corporate Costs	11,747	(4,353)	**7,394**	(6,304)	**1,090**
Net costs of services	**153,925**	**(46,063)**	**107,863**	**46,108**	**153,971**
Other income and expenditure	(162,301)	46,063	**(116,239)**	(29,535)	**(145,774)**
(Surplus) or deficit	**(8,376)**	**0**	**(8,376)**	**16,573**	**8,197**

Opening General Fund	(17,247)
Add Surplus on General Fund Balance in Year	(8,376)
Less Transfer to Earmarked Reserves	7,376
Less Contribution to General Fund	952
Closing General Fund Balance at 31 March 2017	**(17,295)**

2015/16	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	26,154	833	**26,987**	474	27,461
Education	2,983	1,138	**4,121**	9,204	13,325
Adults' Social Care	56,513	(15,545)	**40,968**	827	41,795
Public Health	16,329	(14,282)	**2,047**	3,241	5,288
Stronger Communities	8,388	201	**8,589**	394	8,983
Asset and Investment Partnership Management	3,815	(11,056)	**(7,241)**	7,159	(82)
Environmental Services	45,125	(31,147)	**13,978**	8,878	22,856
Development Growth and Investment	3,021	(1,153)	**1,868**	1,257	3,125
Digital Tameside	1,814	0	**1,814**	385	2,199
Governance and Resources	10,081	(1,837)	**8,244**	1,030	9,274
Corporate Costs	30,440	(21,451)	**8,989**	(350)	8,639
Net costs of services	**204,663**	**(94,299)**	**110,364**	**32,500**	**142,864**
Other income and expenditure	(211,327)	94,299	**(117,028)**	13,590	(103,438)
Surplus or deficit	**(6,664)**	**0**	**(6,664)**	**46,090**	39,426

Opening General Fund	(17,207)
Add Surplus on General Fund Balance in Year	(6,664)
Less Transfer to Earmarked Reserves	5,554
Less Contribution to General Fund	1,070
Closing General Fund Balance at 31 March 2016	**(17,247)**

1a. Note to the Expenditure and Funding Analysis

2016/17	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	471	0	0	0	0	**471**	220	(56)	16	**181**
Education	128	0	0	0	0	**128**	10,026	(198)	49	**9,877**
Adults' Social Care	3,086	(94)	0	0	0	**2,992**	276	(97)	29	**207**
Public Health	(137)	(106)	0	0	0	**(243)**	7,348	(5)	2	**7,344**
Stronger Communities	398	(3)	0	0	0	**395**	268	(19)	6	**255**
Asset and Investment Partnership Management	(162)	(56)	(786)	(9,865)	0	**(10,869)**	16,278	(1)	0	**16,277**
Environmental Services	(6,074)	(1,110)	(26,622)	0	0	**(33,806)**	15,103	(69)	20	**15,055**
Development Growth and Investment	(160)	(200)	(240)	0	0	**(600)**	2,461	(13)	4	**2,452**
Digital Tameside	0	0	0	0	0	**0**	774	(8)	2	**768**
Governance and Resources	(178)	0	0	0	0	**(178)**	31	(47)	14	**(2)**
Corporate Costs	10,047	(19,190)	(31)	(7,462)	12,283	**(4,353)**	0	(6)	(6,298)	**(6,304)**
Net costs of services	**7,419**	**(20,759)**	**(27,679)**	**(17,327)**	**12,283**	**(46,063)**	**52,783**	**(518)**	**(6,156)**	**46,109**
Other income and expenditure	(7,419)	20,759	27,679	17,327	(12,283)	**46,063**	(52,783)	518	22,728	**(29,537)**
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**16,572**	**16,572**

2015/16	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	833	0	0	0	0	**833**	97	346	32	**474**
Education	1,012	(176)	0	302	0	**1,138**	8,043	1,324	(163)	**9,204**
Adults' Social Care	239	0	0	0	(15,784)	**(15,545)**	121	642	65	**827**
Public Health	176	(167)	0	0	(14,291)	**(14,282)**	3,196	41	4	**3,241**
Stronger Communities	201	0	0	0	0	**201**	234	147	14	**394**
Asset and Investment Partnership Management	255	(70)	(793)	(10,448)	0	**(11,056)**	7,089	70	0	**7,159**
Environmental Services	63	(1,181)	(30,094)	65	0	**(31,147)**	8,400	444	33	**8,878**
Development Growth and Investment	(949)	(2)	(202)	0	0	**(1,153)**	1,156	90	11	**1,257**
Digital Tameside	0	0	0	0	0	**0**	340	44	0	**385**
Governance and Resources	(1,837)	0	0	0	0	**(1,837)**	703	327	0	**1,030**
Corporate Costs	(12,797)	(1,223)	(31)	(7,400)	0	**(21,451)**	0	38	(388)	**(350)**
Net costs of services	**(12,804)**	**(2,819)**	**(31,120)**	**(17,481)**	**(30,075)**	**(94,299)**	**29,379**	**3,513**	**(392)**	**32,500**
Other income and expenditure	12,804	2,819	31,120	17,481	30,075	**94,299**	(29,379)	(3,513)	46,482	**13,590**
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**46,090**	**46,090**

1b. Prior Period Restatement of Service Expenditure and Income

Net Expenditure	As reported in the Comprehensive Income and Expenditure Statement 2015/16	Adjustments between SERCOP classifications and internal reporting classifications	As restated 2015/16	
SERCOP Service Line	**£000**	**£000**	**£000**	**Directorate**
Children's and Education Services - Children's Social Care	28,879	(1,418)	27,461	Children's Social Care
Children's and Education Services - Education Services	18,544	(5,219)	13,325	Education
Adult Social Care	45,931	(4,136)	41,795	Adults' Social Care
Public Health	944	4,344	5,288	Public Health
Cultural and Related Services	12,698	(3,715)	8,983	Stronger Communities
Housing Services	5,750	(5,750)	0	
	0	(81)	(81)	Asset and Investment Partnership Management
Environmental and Regulatory Services	9,620	13,236	22,856	Environmental Services
Planning Services	3,783	(658)	3,125	Development Growth and Investment
Highways and Transport Services	5,757	(5,757)	0	
	0	2,199	2,199	Digital Tameside
	0	9,274	9,274	Governance and Resources
Central Services to the Public	4,794	(4,794)	0	
Corporate and Democratic Core	5,811	2,829	8,640	Corporate Costs
Non Distributed Costs	354	(354)	0	
Costs of Services	**142,865**	**0**	**142,865**	
Gross Expenditure				
Children's and Education Services - Children's Social Care	31,635	(1,601)	30,034	Children's Social Care
Children's and Education Services - Education Services	206,863	(29,181)	177,681	Education
Adult Social Care	85,362	(4,565)	80,797	Adults' Social Care
Public Health	15,421	4,880	20,301	Public Health
Cultural and Related Services	14,118	(4,123)	9,995	Stronger Communities
Housing Services	95,443	(95,443)	0	
	0	23,830	23,830	Asset and Investment Partnership Management
Environmental and Regulatory Services	10,646	18,204	28,850	Environmental Services
Planning Services	7,250	(2,041)	5,209	Development Growth and Investment
Highways and Transport Services	9,393	(9,393)	0	
	0	2,799	2,799	Digital Tameside
	0	101,514	101,514	Governance and Resources
Central Services to the Public	8,266	(8,266)	0	
Corporate and Democratic Core	6,215	3,741	9,956	Corporate Costs
Non Distributed Costs	354	(354)	0	
Costs of Services	**490,966**	**0**	**490,966**	
Gross Income				
Children's and Education Services - Children's Social Care	(2,756)	183	(2,573)	Children's Social Care
Children's and Education Services - Education Services	(188,319)	23,963	(164,356)	Education
Adult Social Care	(39,431)	429	(39,002)	Adults' Social Care
Public Health	(14,477)	(536)	(15,013)	Public Health
Cultural and Related Services	(1,420)	409	(1,011)	Stronger Communities
Housing Services	(89,693)	89,693	0	
	0	(23,911)	(23,911)	Asset and Investment Partnership Management
Environmental and Regulatory Services	(1,026)	(4,968)	(5,994)	Environmental Services
Planning Services	(3,467)	1,383	(2,084)	Development Growth and Investment
Highways and Transport Services	(3,636)	3,636	0	
	0	(600)	(600)	Digital Tameside
	0	(92,240)	(92,240)	Governance and Resources
Central Services to the Public	(3,472)	3,472	0	
Corporate and Democratic Core	(404)	(912)	(1,316)	Corporate Costs
Non Distributed Costs	0	0	0	
Costs of Services	**(348,101)**	**0**	**(348,101)**	

1c. Expenditure and Income Anaylsed by Nature

Expenditure	2016/17 £000	2015/16 £000
Employee benefits expenses	187,275	202,287
Other service expenses	253,861	286,524
Depreciate amorisation and impairment	50,802	24,713
Loss on disposal of non-current assets	3,669	37,470
Interest payments	24,272	23,971
Precepts and levies	28,487	32,589
	548,367	**607,553**
Income		
Customer and Client Receipts	(44,554)	(48,133)
Income from Council tax and Business Rates	(129,790)	(124,871)
Government Grant Income	(309,513)	(342,891)
Other Grants Reimbursements and Contributions	(39,565)	(17,726)
Interest Income	(6,914)	(5,749)
Other Income	(9,834)	(28,756)
	(540,170)	**(568,126)**
Surplus/Deficit on provision of services	**8,197**	**39,426**

2. Other Operating Income and Expenditure

	31 March 2017			31 March 2016		
	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	31	0	31	31	0	31
Levies	29,063	0	29,063	32,558	0	32,558
Payments to the Government Housing Capital Receipts Pool	0	0	0	0	0	0
(Gains)/losses on derecognition/ disposal of non-current assets	7,808	(4,139)	3,669	45,374	(7,903)	37,470
	36,902	**(4,139)**	**32,763**	**77,963**	**(7,903)**	**70,059**

3. Financing and Investment Income and Expenditure

	31 March 2017			31 March 2016		
	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	17,099	0	17,099	17,413	0	17,413
Net Interest on the Net Defined Benefit Liability (Asset)	9,572	0	9,572	11,200	0	11,200
Interest receiveable and similar income	0	(1,077)	(1,077)	0	(687)	(687)
Other investment income	0	(5,814)	(5,814)	0	(5,035)	(5,035)
Trading Services	3,765	(5,215)	(1,450)	6,515	(7,435)	(920)
Income and expenditure in relation to Investment Properties and changes in their fair value	3,346	(4,701)	(1,355)	3,495	(6,705)	(3,210)
	33,782	**(16,807)**	**16,975**	**38,623**	**(19,862)**	**18,761**

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

	31 March 2017 £000	31 March 2016 £000
Council Tax Income	(78,645)	(73,041)
Revenue Support Grant	(34,493)	(44,376)
Retained Business Rates	(27,102)	(27,985)
Business Rates Top Up	(24,043)	(23,844)
New Homes Bonus Grant	(4,474)	(3,678)
Education Services Grant	(2,484)	(2,855)
Section 31 - Business Rates Grants	(2,412)	(2,850)
Other Non Ringfenced Government Grants	(1,189)	(1,021)
Other Capital Grants and Contributions	(20,672)	(12,610)
	(195,514)	**(192,260)**

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 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 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.

The Council credited the following, excluding the Capital Grants and Contributions, to Cost of Services in the CIES :

	2016/17 £000	2015/16 £000
Dedicated Schools Grant	(131,270)	(134,697)
Housing Benefit Subsidy Grant	(83,421)	(87,698)
Housing and Council Tax Benefit Administration Grant	(1,459)	(1,547)
Public Health Grant	(15,699)	(14,291)
Private Finance Initiative (PFI) Grant	(14,196)	(14,196)
Better Care Fund	(10,969)	(15,784)
Pupil Premium Grant	(9,706)	(10,707)
Universal Infant Free School Meals	(2,229)	(2,460)
Troubled Families Grant	(699)	(556)
Other Grants	(9,092)	(10,094)
	(278,740)	**(292,030)**
Capital Grants and Contributions		
Schools Basic Need	(7,606)	(2,932)
Local Transport Plan	(2,259)	(2,322)
Schools Capital Maintenance	(1,819)	(1,665)
Greater Manchester Pinchpoint	0	(50)
Other Capital Grants and Contributions	(8,989)	(5,641)
	(20,672)	**(12,610)**

6. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education. The DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2014. Detail of the deployment of the DSG received is as follows:

	Central Expen-diture £000	Individual Schools Budget £000	Total £000
Final DSG for 2016/17 before Academy recoupment	14,876	164,412	179,288
Academy figure recouped for 2016/17	0	48,017	48,017
Total DSG after Academy recoupment	**14,876**	**116,395**	**131,271**
Brought forward from 2015/16	3,199	0	3,199
Final budget distribution for 2016/17	**18,075**	**116,395**	**134,470**
Actual central expenditure	14,051	0	14,051
Actual ISB deployed to schools	0	116,395	116,395
Carry forward to 2017/18	**4,024**	**0**	**4,024**

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:

	2016/17			2015/16		
	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000
Cemeteries and Crematorium	957	(2,341)	(1,384)	1,241	(2,096)	(855)
Commercial Refuse Collection	199	(820)	(621)	233	(753)	(520)
Vehicle Maintenance	341	(228)	113	312	(190)	122
Civil Engineering	1,316	(1,459)	(143)	3,792	(4,004)	(212)
Community Buildings	645	(220)	425	686	(264)	422
Building Control	306	(146)	160	251	(128)	123
Total	**3,764**	**(5,214)**	**(1,450)**	**6,515**	**(7,435)**	**(920)**

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).

For 2016/17 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision

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.

The following will be required in relation to borrowing taken up on or after 01/04/2015. '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; the debt will be fully extinguished at the end of period. In 2016/17 this results in an additional charge of £0.194m, and therefore a total MRP charge of £3.898m.

If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

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

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

2016/17	Usable Reserves: General Fund Balances £000	Usable Reserves: Capital Receipts Unapplied Account £000	Usable Reserves: Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,424)	0	0	12,424
Revaluation losses on Property Plant and Equipment (PPE)	(40,646)	0	0	40,646
Revaluation gains on PPE (used to reverse previous revaluation losses)	2,559	0	0	(2,559)
Movements in the market value of Investment Properties	1,390	0	0	(1,390)
Amortisation of Intangible Assets	(291)	0	0	291
Capital grant and contributions received in year	22,612	0	(9,850)	(12,762)
Revenue expenditure funded from Capital under Statute	(3,921)	0	0	3,921
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(7,808)	0	0	7,808
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment:				
- Minimum Revenue Provision (MRP) for capital financing	6,330	0	0	(6,330)
- GM and Lancashire debt repayment	894	0	0	(894)
Capital expenditure charged against General Fund Balances	20,760	0	0	(20,760)
Capital grant and contributions received in previous years - applied	0	0	3,318	(3,318)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	418	0	(418)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	4,139	(4,139)	0	
4% disposal cost allowance	(166)	166	0	
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	(1)	0	1
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	(105)	0	0	105
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(27,668)	0	0	27,668
Employer's pensions contributions and direct payments to pensioners payable in the year	18,614	0	0	(18,614)
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	1,210	0	0	(1,210)
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	(143)	0	0	143
Adjustment to Unequal Pay Provision:				
Unequal Pay Provision	6,454	0	0	(6,454)
Total Adjustments	**(8,210)**	**(3,556)**	**(6,532)**	**18,298**

2015/16	Usable Reserves General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(13,374)	0	0	13,374
Revaluation losses on Property Plant and Equipment (PPE)	(12,813)	0	0	12,813
Revaluation gains on PPE (used to reverse previous revaluation losses)	1,762	0	0	(1,762)
Movements in the market value of Investment Properties	2,659	0	0	(2,659)
Amortisation of Intangible Assets	(289)	0	0	289
Capital grant and contributions received in year	19,709	0	(4,266)	(15,443)
Revenue expenditure funded from Capital under Statute	(12,132)	0	0	12,132
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(45,374)	0	0	45,374
Insertion of items not debited or credited to the CIES:	0	0	0	
Statutory provision for the financing of capital investment:	0	0	0	
- Minimum Revenue Provision (MRP) for capital financing	5,687	0	0	(5,687)
- GM and Lancashire debt repayment	845	0	0	(845)
Capital expenditure charged against General Fund Balances	2,819	0	0	(2,819)
Capital grant and contributions received in previous years - applied	0	0	7,355	(7,355)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	7,721	0	(7,721)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	7,903	(7,903)	0	
4% disposal cost allowance	(185)	185	0	
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	(3)	0	3
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be	(191)	0	0	191
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(33,759)	0	0	33,759
Employer's pensions contributions and direct payments to pensioners payable in the year	19,046	0	0	(19,046)
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	1,195	0	0	(1,195)
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	4	0	0	(4)
Total Adjustments	**(56,487)**	**0**	**3,089**	**53,399**

9. 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.

	31 March 2017 £000	31 March 2016 £000
General Fund Balances	(17,295)	(17,247)
Schools Balances	(4,476)	(7,097)
Earmarked Reserves	(188,520)	(185,932)
Capital Receipts Unapplied Account	(3,555)	0
Capital Grants and Other Contributions Unapplied Reserve	(15,198)	(8,666)
Total	**(229,044)**	**(218,942)**

Capital Receipts Unapplied Account

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

	2016/17 £000	2015/16 £000
Balance at 1 April	**0**	**0**
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(4,139)	(7,903)
Use of the Capital Receipts Unapplied Account to finance new capital	418	7,721
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	(1)	(3)
4% disposal cost allowance	166	185
Balance at 31 March	**(3,556)**	**0**

Capital Grants and Other Contributions Unapplied Reserve

	2016/17 £000	2015/16 £000
Balance at 1 April	**(8,666)**	**(11,755)**
Grants and contributions received in previous years - applied	3,317	7,355
Grants and contributions received in year - not applied	(9,850)	(4,266)
Balance at 31 March	**(15,199)**	**(8,666)**

10. Unusable Reserves

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

	31 March 2017 £000	31 March 2016 £000
Revaluation Reserve	(37,231)	(23,499)
Capital Adjustment Account	(126,717)	(136,210)
Pensions Reserve	294,902	273,932
Available For Sale Financial Instruments Reserve	(33,486)	(29,585)
Collection Fund Adjustment Account	(6,579)	(5,369)
Short Term Accumulating Compensated Absences Account	3,720	3,577
Holding in Manchester Airport Plc	(5,701)	(5,702)
Financial Instruments Adjustment Account	531	426
Deferred Capital Receipts	(11)	(12)
Total	**89,428**	**77,559**

Holding in Manchester Airport Plc – Represents shares transferred to the Council on the winding up of Greater Manchester Council at nil cost as opposed to cash share purchases.

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.*

	2016/17 £000	2015/16 £000
Balance at 1 April	**(23,499)**	**(22,903)**
Upward revaluation of assets	(14,885)	(7,079)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	439	3,426
Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**(14,446)**	**(3,653)**
Difference between fair value and historical cost depreciation	478	447
Accumulated gains on assets sold or scrapped	236	2,610
Amount written off to the Capital Adjustment Account	**714**	**3,057**
Balance at 31 March	**(37,230)**	**(23,499)**

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	**(136,209)**	**(172,843)**
Reversal of items debited or credited to the CIES:		
Charges for depreciation of non-current assets	12,424	13,410
Revaluation losses on Property, Plant and Equipment	40,646	12,813
Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(2,559)	(1,762)
Amortisation of Intangible Assets	291	289
Revenue expenditure funded from capital under statute	3,921	12,132
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	7,808	43,035
	62,530	**79,917**
Adjusting amounts written out of the Revaluation Reserve	(714)	(755)
Net written out amount of the cost of non-current assets consumed in the year	**61,816**	**79,162**
Capital financing applied in the year:		
Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(418)	(7,721)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(12,762)	(15,443)
Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(3,317)	(7,355)
Statutory provision for the financing of capital investment charged against the General Fund	(7,224)	(6,531)
Capital expenditure charged against the General Fund and Reserves	(20,760)	(2,819)
	(44,481)	**(39,869)**
Movements in the market value of Investment Properties debited or credited to the CIES	(1,390)	(2,659)
Unequal Pay Provision	(6,454)	0
Balance at 31 March	**(126,717)**	**(136,209)**

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	**273,932**	**348,259**
Remeasurement of net defined benefit liability	11,916	(89,040)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	27,668	33,759
Employer's pensions contributions and direct payments to pensioners payable in the year	(18,614)	(19,046)
Balance at 31 March	**294,902**	**273,932**

Available For Sale Financial Instruments Reserve

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

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

	2016/17 £000	2015/16 £000
Balance at 1 April	**(29,585)**	**(30,785)**
Revaluation of investment in Manchester Airport Group (MAG)	(3,901)	1,200
Balance at 31 March	**(33,486)**	**(29,585)**

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	**(5,369)**	**(4,173)**
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	(1,210)	(1,196)
Balance at 31 March	**(6,579)**	**(5,369)**

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	**3,577**	**3,580**
Settlement or cancellation of accrual made at the end of the preceding year	(3,577)	(3,580)
Amounts accrued at the end of the current year	3,720	3,577
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	**143**	**(3)**
Balance at 31 March	**3,720**	**3,577**

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	**(426)**	**(235)**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(105)	(191)
Balance at 31 March	**(531)**	**(426)**

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	**(12)**	**(15)**
Transfer to the Capital Receipts Unapplied Account on receipt of cash	1	3
Balance at 31 March	**(11)**	**(12)**

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 2016 £000	Net Movement 2016/17 £000	Balance at 31 March 2017 £000	Balance at 1 April 2015 £000	Net Movement 2015/16 £000	Balance at 31 March 2016 £000	Purpose of the Earmarked Reserve
Building Schools for the Future (BSF) Affordability Reserve	(6,489)	(1,963)	(8,452)	(5,306)	(1,183)	(6,489)	For further information please see Note 28.
Capital Investment Reserve	(36,649)	(32,561)	(69,210)	(37,747)	1,098	(36,649)	To be used to finance the Council's Capital Investment Programme.
Contingent Liability Reserve	(16,000)	16,000	0	(16,000)	0	(16,000)	Use of this reserve has been reassesed.
Corporate Initiatives Reserve	(5,815)	4,943	(871)	(6,015)	200	(5,815)	To fund the implementation of projects that support the Council's cross-cutting corporate initiatives.
Early Exit Costs Reserve	(5,069)	0	(5,069)	(5,069)	0	(5,069)	To assist in meeting future years additional pension costs.
Earmarked Reserves with a balance at 31 March 2017 under £0.500m	(2,797)	244	(2,554)	(2,780)	(16)	(2,796)	Various
Future Premiums Reserve	(5,610)	5,610	0	(4,972)	(639)	(5,611)	Use of this reserve has been reassesed.
Hard Facilities Management Service Contract Reserve	(775)	37	(738)	(812)	37	(775)	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	(2,868)	(136)	(3,005)	(2,968)	100	(2,868)	Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination.
Health Integration Reserve	(3,118)	(663)	(3,782)	(3,380)	262	(3,118)	To support the development and implementation of the Care Together Programme.
Insurance Reserves	(9,297)	2,915	(6,382)	(8,910)	(387)	(9,297)	An estimate of claims incurred but not reported. Includes element to cover any expenditure for insurance claims.
Medium Term Financial Strategy Reserve	(68,553)	37,528	(31,025)	(51,243)	(17,311)	(68,554)	To support the delivery of the Medium Term Financial Strategy.
Pay Equalities Reserve	(2,383)	2,383	0	(2,383)	0	(2,383)	Use of this reserve has been reassesed.
Pledges Reserve	(1,435)	355	(1,080)	0	(1,435)	(1,435)	Money set a side to deliver 2015/16 Pledges
PFI Reserve	(2,990)	(194)	(3,183)	(2,100)	(890)	(2,990)	For further information please see Note 28.
School Funding Reserve	(4,207)	(565)	(4,771)	(4,737)	530	(4,207)	Balance of Education grants to be utilised on Education and School related services.
Schools Teachers Early Retirement Reserve	(530)	(83)	(614)	(512)	(18)	(530)	To finance the associated ongoing pension liabilities of teachers who retire before the age of 60.
Traffic Management Reserve	(653)	80	(574)	(619)	(34)	(653)	To support future maintenance of the new development highway infrastructure.
Transport Replacement Fleet Reserve	(1,351)	(1,030)	(2,382)	(954)	(398)	(1,352)	To fund future maintenance of vehicles procured via Prudential Borrowing.
Unspent Revenue Grant and Contribution Reserve	(4,805)	238	(4,567)	(4,943)	139	(4,804)	Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves.
Waste PFI Reserve	(2,221)	(5,589)	(7,810)	(1,976)	(245)	(2,221)	To smooth the impact of future years levy increases and associated managed collection costs.

Winter Gritting Reserve	(504)	(13)	(517)	(603)	100	(503)	To fund additional winter maintenance costs in future years.
Business Rates Growth Pilot	0	(1,125)	(1,125)	0	0	0	To smooth the impact of the new Business Rates financing process.
NNDR Deficit	0	(3,000)	(3,000)	0	0	0	To fund any deficits arising from the newly implemented NNDR funding process.
Care Together	0	(15,000)	(15,000)	0	0	0	To assist any funding risks of the implementation of the Care Together Programme
Service Improvement	0	(5,000)	(5,000)	0	0	0	To support one off service improvements in future to allow services to balance budgets.
Children's Services	0	(6,000)	(6,000)	0	0	0	To support if required future demands on Children's Services and delivery of the Children's Services Improvement Plan.
Total	**(185,931)**	**(2,589)**	**(188,520)**	**(165,841)**	**(20,090)**	**(185,931)**	

BALANCE SHEET NOTES

NON-CURRENT ASSETS (INCLUDING FINANCIAL INSTRUMENTS)

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

Measurement

Initially the assets are measured at cost, comprising the purchase price, plus any costs associated with bringing the asset into use. The measurement of an 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, Community Assets and Assets Under Construction – depreciated historical cost (DRC)*
- *Other assets (excluding non-operational property) – current value, determined as the amount that would be paid for the asset in its existing use (EUV)*
- *Surplus assets (non-operational property, plant and equipment) – fair value*

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

**These asset categories are revalued on a five year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur. 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/derecognition.

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:

In accordance with the Service Reporting Code of Practise, all buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where

material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property.
Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur.
Infrastructure is depreciated over a 40 year period.
Vehicles, Plant, and Equipment is depreciated over 10 years or less depending on the nature of the asset.

Depreciation is calculated on a straight-line basis. Depreciation is not charged in the year of asset acquisition. Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on council tax and is written out to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the current value depreciation will be higher than the historic cost depreciation, this increased depreciation charge is written out against the Revaluation Reserve with an offsetting entry to the Capital Adjustment Account.

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.

Details of movements in Property, Plant and Equipment in the year are below:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2016	307,149	30,278	124,884	18,067	23,211	15,114	518,703	114,876
Additions	8,497	2,354	8,713	131	49	11,628	31,372	150
Upward revaluation of assets recognised in the Revaluation Reserve	10,823	0	0	0	150	0	10,972	863
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	286	0	0	0	30	0	316	328
Revaluation losses recognised in the Revaluation Reserve	(754)	0	0	0	(8)	0	(762)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(47,312)	0	0	0	(14,761)	0	(62,073)	(37,568)
Derecognition/disposal of non-current assets	(7,142)	(339)	0	0	(2,865)	0	(10,346)	0
Assets reclassified in year	(169)	0	0	0	(101)	0	(270)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2017	**271,379**	**32,293**	**133,597**	**18,198**	**5,705**	**26,742**	**487,912**	**78,650**
Accumulated Depreciation and Impairment								
At 1 April 2016	(30,369)	(18,318)	(22,602)	(3,590)	(15,034)	0	(89,914)	(10,019)
Depreciation charge	(5,781)	(3,453)	(3,191)	0	0	0	(12,424)	(2,294)
Upward revaluation of assets written out to the Revaluation Reserve	3,912	0	0	0	0	0	3,912	1,682
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	2,243	0	0	0	0	0	2,243	0
Revaluation losses recognised in the Revaluation Reserve	323	0	0	0	0	0	323	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	9,506	0	0	0	11,921	0	21,427	7,871
Derecognition/disposal of non-current assets	667	339	0	0	2,578	0	3,584	0
At 31 March 2017	**(19,499)**	**(21,432)**	**(25,793)**	**(3,590)**	**(535)**	**0**	**(70,849)**	**(2,760)**
Net Book Value								
At 31 March 2017	**251,880**	**10,861**	**107,804**	**14,608**	**5,170**	**26,742**	**417,063**	**75,890**
At 31 March 2016	**276,779**	**11,960**	**102,282**	**14,477**	**8,177**	**15,114**	**428,789**	**104,857**
Nature of asset owned at 31 March 2017								
Owned	175,987	10,861	107,804	14,608	5,170	26,742	341,172	0
Finance Lease	2	0	0	0	0	0	2	0
PFI	75,890	0	0	0	0	0	75,890	75,890
	251,879	**10,861**	**107,804**	**14,608**	**5,170**	**26,742**	**417,064**	**75,890**

Details of the restated comparative year movements are below:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2015	349,119	32,033	117,499	17,907	23,968	8,508	549,034	114,806
Additions	10,985	3,181	7,385	160	61	6,606	28,378	70
Upward revaluation of assets recognised in the Revaluation Reserve	5,477	0	0	0	1,165	0	6,642	0
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	362	0	0	0	1,167	0	1,529	0
Revaluation losses recognised in the Revaluation Reserve	(3,937)	0	0	0	(393)	0	(4,330)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(10,989)	0	0	0	(2,577)	0	(13,566)	0
Derecognition/disposal of non-current assets	(43,313)	(4,936)	0	0	0	0	(48,249)	0
Assets reclassified in year	(555)	0	0	0	(180)	0	(735)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2016	**307,149**	**30,278**	**124,884**	**18,067**	**23,211**	**15,114**	**518,703**	**114,876**
Accumulated Depreciation and Impairment								
At 1 April 2015	(26,243)	(19,743)	(19,596)	(3,590)	(15,091)	0	(84,263)	(7,728)
Depreciation charge	(7,092)	(3,275)	(3,006)	0	0	0	(13,373)	(2,291)
Upward revaluation of assets written out to the Revaluation Reserve	409	0	0	0	29	0	438	0
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	233	0	0	0	0	0	233	0
Revaluation losses recognised in the Revaluation Reserve	903	0	0	0	0	0	903	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	726	0	0	0	28	0	754	0
Derecognition/disposal of non-current assets	695	4,699	0	0	0	0	5,395	0
At 31 March 2016	**(30,369)**	**(18,318)**	**(22,602)**	**(3,590)**	**(15,034)**	**0**	**(89,914)**	**(10,019)**
Net Book Value								
At 31 March 2016	276,779	11,960	102,282	14,477	8,177	15,114	428,789	104,857
At 31 March 2015	322,876	12,290	97,903	14,317	8,877	8,508	464,771	107,078
Nature of asset owned at 31 March 2016								
Owned	171,920	11,959	102,282	14,477	8,177	15,114	323,930	0
Finance Lease	2	0	0	0	0	0	2	0
PFI	104,857	0	0	0	0	0	104,857	104,857
	276,779	**11,959**	**102,282**	**14,477**	**8,177**	**15,114**	**428,789**	**104,857**

An analysis of the Council's rolling programme of revaluations:

	Land and Buildings £000	Vehicles, Plant and Equipment	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Historical Cost	**14,189**	**32,293**	**133,597**	**18,198**	**51**	**26,742**	**225,070**
Fair Value at year end:							**0**
31 March 2013	7,916	0	0	0	531	0	**8,447**
31 March 2014	50,458	0	0	0	958	0	**51,415**
31 March 2015	38,005	0	0	0	24	0	**38,029**
31 March 2016	66,392	0	0	0	0	0	**66,392**
31 March 2017	94,418	0	0	0	4,142	0	**98,560**
Total Cost or Valuation	**271,378**	**32,293**	**133,597**	**18,198**	**5,705**	**26,742**	**487,912**

a. Assets Held for Sale

	2016/17 £000	2015/16 £000
Balance at start of the year	**960**	**2,073**
Assets newly classified as held for sale	542	877
Revaluation losses or gains	0	0
Assets declassified as held for sale	0	0
Disposals in year	0	(1,990)
Balance at end of the year	**1,502**	**960**

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 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 the 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.*

	Civic Regalia £000	Art Collection £000	Militaria £000	Statues and Other Monuments £000	Total Heritage Assets £000
Cost or Valuation					
At 31 March 2016	578	9,507	1,475	911	12,471
At 31 March 2017	578	9,507	1,475	911	12,471

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

	2016/17 £000	2015/16 £000
Rental income from investment property	(1,872)	(2,051)
Direct operating expenses arising from investment property	1,907	1,502
Gains in fair value of investment property	(2,829)	(4,653)
Losses in the fair value of investment property	1,439	1,994
Net position	**(1,355)**	**(3,208)**

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

	2016/17 £000	2015/16 £000
Balance at start of the year	**29,428**	**27,410**
Additions	34	31
Movements in the fair value of investment property	1,390	2,659
Derecognition/disposal of non-current assets	(1,046)	(531)
Assets reclassified in year	(272)	(141)
Balance at end of the year	**29,534**	**29,428**

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.*

	2016/17 £000	2015/16 £000
Gross carrying amount	1,963	1,963
Accumulated amortisation	(1,639)	(1,350)
Balance at start of the year	**324**	**613**
Additions	0	0
In year amortisation	(291)	(288)
Balance at end of the year	**33**	**325**

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.

	2016/17 £000	2015/16 £000
Opening CFR plus PFI added in Year	**301,048**	**300,006**
Capital Investment		
Property, Plant and Equipment	31,373	28,378
Investment Properties	34	31
Revenue Expenditure Funded from Capital under Statute	3,921	12,132
Other Long Term Investments	0	(474)
Sources of Finance		
Capital Receipts	(418)	(7,721)
Government Grants and Other Contributions	(16,079)	(22,798)
Capital expenditure charged against General Fund Balances	(20,760)	(2,819)
Minimum Revenue Provision	(6,330)	(5,687)
Closing CFR	**292,789**	**301,048**

Explanation of movements in year:

	2016/17 £000	2015/16 £000
Change in Underlying Need to Borrow	(5,821)	3,024
Principal Element of Finance Lease Repayments	(6)	(6)
Principal Element of PFI Lease Repayments	(2,432)	(1,976)
Increase / (decrease) in CFR	**(8,259)**	**1,042**

17. Capital Commitments

At the Balance Sheet date, the Council had a number of major commitments for the construction or enhancement of Property, Plant and Equipment in 2017/18 and future years which are shown below:

	31 March 2017 £000
Vision Tameside	28,871
Active Tameside	15,648
Aldwyn Primary School	2,248
Cromwell High School	1,441

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.

	31 March 2017 £000	31 March 2016 £000
Inspiredspaces Tameside (Holdings 1) Ltd	1,823	1,869
Inspiredspaces Tameside (Holdings 2) Ltd	3,308	3,348
Local Authority Mortgage Scheme (LAMS)	1,000	1,000
Manchester Airport	8,677	8,677
Tameside Sports Trust	4,524	2,259
Other Long Term Debtors	137	144
Total	**19,469**	**17,297**

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

LAMS – A £1m advance with Lloyds Banking Group, which reflects the Council's share of financial assistance through the provision of an indemnity. The indemnity will be in place for a five-year period, at which point the advance will be returned to 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.

Tameside Sports Trust – 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. This is due to be repaid by 2025.

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

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

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

- **Financial Instrument Balances**

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

	31 March 2017		31 March 2016	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	112,012	19,255	118,477	8,608
Adjustment for Amortised Cost	764	1,241	779	1,246
Financial Liabilities at amortised cost	112,776	20,496	119,256	9,854
Total Borrowing	**112,776**	**20,496**	**119,256**	**9,854**
Loans and Receivables Principal Amount	0	164,456	0	156,406
Adjustment for amortised cost	0	272	0	167
Amounts treated as Cash Equivalents	0	(64,960)	0	(55,419)
Loans and Receivables at amortised cost	0	99,768	0	101,154
Other Investments	8	0	8	0
Available for Sale				
Inspiredspaces Tameside (Holdings 1) Ltd	852	0	852	0
Inspiredspaces Tameside (Holdings 2) Ltd	1,509	0	1,509	0
Manchester Airport Group (MAG)	43,700	0	39,800	0
Total Investments	**46,069**	**99,768**	**42,169**	**101,154**

There are material changes to the Fair Value 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 2017 £'000	31 March 2016 £'000
Available for Sale				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see * below)	852	852
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see * below)	1,509	1,509
Manchester Airport Group (MAG)	Level 2	Market Value	43,700	39,800
Total			**46,061**	**42,161**

Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd –The Council's equity holding remained unchanged during the accounting period.

MAG – The Council's shareholding remains at 3.22%. The Council's external valuers have advised of an increase of £3.9m in the fair value of the Council's shareholding during the accounting period. The Council receives dividend income from the investment, which is included in Financing and Investment Income and Expenditure. It is a key item of income in the Council's Medium Term Financial Strategy and as such, the Council is highly unlikely to dispose of its shareholding.

- **Fair Value of Financial Assets and Liabilities Carried at Amortised Cost**

Financial assets and liabilities represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value (level 2) can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

Where an instrument has a maturity of less than twelve months the fair value is taken to be the principal outstanding;

- The fair value of receivables is taken to be the invoiced or billed amount;

- Short term debtors and creditors are carried at cost.

The fair values for financial liabilities have been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates at the Balance Sheet date, and include accrued interest. The fair value of non-PWLB debt has also been calculated using the same procedures and interest rates. The fair values are as follows:

	31 March 2017		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	79,150	135,995	80,310	126,027
Non PWLB Debt	53,156	86,327	48,654	71,860
	132,306	**222,322**	**128,964**	**197,887**

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 £79.150m would be valued at £114.756m. 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 £35.606m, principal of £78.477m and accrued interest of £0.673m, totalling £107.161m.

The Council's financial assets are as follows:

	31 March 2017		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans				
Less Than 1 Year	164,728	164,728	156,573	156,573
Long Term Debtors	19,469	19,469	17,297	17,297
Total Loans and Receivables	**184,197**	**184,197**	**173,870**	**173,870**

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

As at 31st March the Council held £156.57m financial assets and £128.96m financial liabilities for which Level 3 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Money Market Funds, Local Authorities and Notice Accounts. 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 Capita Asset Services. This valuation applies the Net Present, Value approach, which provides an estimate of the value of payments in the future in todays 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.

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 2016/17 Budget Report, which incorporates the prudential indicators, was approved by Council on 10 February 2016 and is available on the Council website. The key indicators were:

Indicator	Limit	Outturn
Ratio of financing costs to net revenue stream	8%	6%
Capital financing requirement	£199,172,826	£185,354,973
Capital expenditure in year	£53,288,000	£35,327,515
Incremental impact on capital investment decisions	£15	£0
Authorised limit for external debt	£269,568,184	£131,253,941
Operational boundary for external debt	£249,568,184	£131,253,941
Upper limit for fixed interest rate exposure	£199,172,826	-£28,420,869
Upper limit for variable interest rate exposure	£59,751,848	-£17,335,437
Upper limit for total principal sums invested for over 364 days	£30,000,000	£0

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 2016/17 was approved by Full Council on 10 February 2016 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 £119.950m 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.

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

	Amount at 31 March 2017 £000	Historical experience of default %	Adjustment for market conditions at 31 March 2017 %	Estimated maximum exposure to default £000
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions (principal amount)	119,950	0.04	0.04	48

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

The Council does not generally allow credit for its trade debtors. At the Balance Sheet date a balance of £14.554m was outstanding and is analysed by age below:

	31 March 2017 £000	31 March 2016 £000
Less than three months	6,591	4,196
Three to four months	282	163
More than four months	7,681	7,305
Total	**14,554**	**11,664**

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 2017 £000	31 March 2016 £000
Less than one year	164,456	156,406
Total	**164,456**	**156,406**

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

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 2017 £000	31 March 2016 £000
Less than one year	15	0	19,255	8,607
Between one and two years	15	0	320	6,466
Between two and five years	30	0	1,052	1,003
Between five and ten years	40	0	5,165	4,983
More than ten years	100	50	105,475	106,025
Total			**131,267**	**127,084**

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 2017 £000	31 March 2016 £000
Decrease in the fair value of fixed rate borrowings liabilities (no impact on CIES)	38,356	33,237

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 £28.997m.

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 £43.7m. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

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

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

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.

	Consumable Stores		Maintenance Materials		Work In Progress		Total	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	182	318	138	158	27	28	**347**	**504**
Purchases	791	615	429	411	0	0	**1,220**	**1,026**
Recognised as an expense in the year	(689)	(751)	(397)	(431)	3	(1)	**(1,084)**	**(1,183)**
Balance outstanding at year -end	**284**	**182**	**170**	**138**	**30**	**27**	**484**	**347**

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.

The Council maintains an allowance for bad or doubtful debts for any potential non-payment of debtors. Assessment is made based on the risk of the debtors' ability to pay future cash flows due under the contractual terms. The allowance for bad or doubtful debts is offset against the debtor amount shown, the movement in the allowance is charged against the relevant service line in the CIES.

	31 March 2017 £000	31 March 2016 £000
Central Government Bodies	5,305	5,436
NHS Bodies	0	113
Other Local Authorities	273	429
Other Entities and Individuals	43,811	41,511
Public Corporations and Trading Funds	9	0
Allowance for Bad or Doubtful Debts	(18,506)	(15,955)
	30,892	**31,534**
Capital Debtors	1,536	2,083
Payments In Advance	6,290	4,094
Transferred Services	32	34
Total	**38,750**	**37,745**

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.

	31 March 2017 £000	31 March 2016 £000
Cash held by the Council	23	25
Short Term Investments	64,961	55,419
Bank Current Accounts	5,728	157
Bank Overdraft	0	0
Total	**70,712**	**55,601**

CURRENT LIABILITIES

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.

	31 March 2017 £000	31 March 2016 £000
Central Government Bodies	(3,143)	(8,556)
NHS Bodies	(1,609)	(1,547)
Other Local Authorities	(570)	(360)
Other Entities and Individuals	(16,897)	(16,176)
Public Corporations and Trading Funds	(1,008)	(770)
Total	**(23,227)**	**(27,409)**
Capital Creditors	(4,833)	(4,875)
Deposits and Receipts in Advance	(1,412)	(2,176)
Short Term Accumulating Compensated Absences	(3,720)	(3,577)
Total	**(33,192)**	**(38,037)**

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
2016/17				
Pension Liability	30	(294,902)	0	(294,902)
PFI	28	(105,179)	(2,585)	(107,764)
Finance Leases	27	(2,617)	(7)	(2,624)
Former Transferred Debt		(5,194)	0	(5,194)
Donated Assets		(10,658)	0	(10,658)
Rent Deposit on Leased Buildings		(30)	0	(30)
Total		**(418,580)**	**(2,592)**	**(421,172)**
2015/16				
Pension Liability	30	(273,932)	0	(273,932)
PFI	28	(107,764)	(2,432)	(110,196)
Finance Leases	27	(2,623)	(6)	(2,630)
Former Transferred Debt		(6,088)	0	(6,088)
Donated Assets		(10,658)	0	(10,658)
Rent Deposit on Leased Buildings		(15)	0	(15)
Total		**(401,080)**	**(2,438)**	**(403,519)**

Former Transferred Debt – The debt associated with the non-current assets of the former Greater Manchester and Lancashire County Councils, passed to the successor authorities with debt administration being managed by the Council.

Donated Assets – Assets donated to the Council with conditions attached are recognised until any conditions cease.

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.

Short Term Provisions

	2016/17 £000	2015/16 £000
Land Charges Provision	0	(31)
Provision for Business Rates Appeals	(3,793)	(2,916)
Total	**(3,793)**	**(2,948)**

Long Term Provisions

	Insurance Fund £000	Pay Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2016	**(4,325)**	**(6,455)**	**(123)**	**(10,903)**
Additional provisions made in the period	(806)	0	(114)	(920)
Provision - written back	0	6,455	0	6,455
Amounts used	1,482	0	69	1,551
Balance at 31 March 2017	**(3,649)**	**0**	**(168)**	**(3,817)**

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

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 at the following net amounts:

	31 March 2016 £000	31 March 2015 £000
Other Land and Buildings	2	2
Total	**2**	**2**

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

	31 March 2017 £000	31 March 2016 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	(7)	(6)
- non-current	(2,619)	(2,625)
Finance costs payable in future years	(16,270)	(16,491)
Minimum lease payments	**(18,896)**	**(19,122)**

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

	Minimum Lease Payments 2016/17 £000	Finance Lease Liabilities 2016/17 £000	Minimum Lease Payments 2015/16 £000	Finance Lease Liabilities 2015/16 £000
Not later than one year	(226)	(7)	(226)	(6)
Later than one year and not later than five years	(895)	(25)	(898)	(26)
Later than five years	(17,775)	(2,594)	(17,998)	(2,600)
	(18,896)	**(2,626)**	**(19,122)**	**(2,632)**

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:

	2016/17 £000	2015/16 £000
Not later than one year	9	137
Later than one year and not later than five years	0	9
	9	**146**

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

	2016/17 £000	2015/16 £000
Minimum lease payments	116	414

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:

	2016/17 £000	2015/16 £000
Not later than one year	970	1,297
Later than one year and not later than five years	3,551	3,696
Later than five years	66,879	79,410
	71,400	**84,403**

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

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. 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.

General

The Council has entered into three PFI contracts to construct, finance, maintain and operate various schools across the Borough. These contracts are:
• Hattersley Schools PFI Project;
• Inspiredspaces Tameside (Project Co 1) Ltd; and
• Inspiredspaces Tameside (Project Co 2) Ltd.

Hattersley Schools PFI Project

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

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

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

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

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

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

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £5.405m at 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 shareholding in this contract.

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

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

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £9.409m at 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 shareholding in this contract.

Affordability

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

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

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

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

The Council recently commissioned a review of the existing PFI contracts to identify potential contractual savings opportunities which will also support their ongoing affordability. Local Partnerships, a limited liability partnership owned 50% by HM Treasury and 50% by the Local Government Association, were appointed to deliver the review, the outcome of which will be available during 2017/2018.

The balance of the BSF Affordability Reserve at 31 March 2017 is £8.452m (£6.489m at 31 March 2016).

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

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2016	15,950	39,223	59,703	114,876
Additions	86	16	48	150
Revaluation losses recognised in the Revaluation Reserve	500	(16,601)	(20,274)	(36,376)
At 31 March 2017	**16,536**	**22,638**	**39,477**	**78,650**
Accumulated Depreciation and Impairment				
At 1 April 2016	(1,786)	(3,491)	(4,742)	(10,019)
Depreciation charge	(338)	(770)	(1,185)	(2,294)
Revaluation losses recognised in the Revaluation Reserve	1,786	3,491	4,275	9,553
At 31 March 2017	**(338)**	**(770)**	**(1,652)**	**(2,760)**
Net Book Value				
At 31 March 2017	**16,198**	**21,868**	**37,825**	**75,890**
At 31 March 2016	**14,164**	**35,732**	**54,961**	**104,857**

Details of restated comparative movements in PFI assets are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2015	15,880	39,223	59,703	114,806
Additions	70	0	0	70
Revaluation losses recognised in the Revaluation Reserve	0	0	0	0
Assets reclassified in year	0	0	0	0
At 31 March 2016	**15,950**	**39,223**	**59,703**	**114,876**
Accumulated Depreciation and Impairment				
At 1 April 2015	(1,450)	(2,721)	(3,557)	(7,728)
Depreciation charge	(336)	(770)	(1,185)	(2,291)
Revaluation losses recognised in the Revaluation Reserve	0	0	0	0
At 31 March 2016	**(1,786)**	**(3,491)**	**(4,742)**	**(10,019)**
Net Book Value				
At 31 March 2016	**14,164**	**35,732**	**54,961**	**104,857**
At 31 March 2015	**14,430**	**36,502**	**56,146**	**107,078**

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

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Liability outstanding at 1 April 2016	(13,401)	(35,653)	(61,142)	(110,196)
Payments made during the year	404	753	1,275	2,432
Liability outstanding at 31 March 2017	**(12,997)**	**(34,900)**	**(59,867)**	**(107,764)**
Short Term Finance Lease Liability (2017-18)	(459)	(849)	(1,277)	(2,584)
Long Term Finance Lease Liability (Future Years)	(12,538)	(34,052)	(58,590)	(105,181)
	(12,997)	**(34,901)**	**(59,867)**	**(107,765)**

Details of comparative movements in PFI liabilities are below:

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Liability outstanding at 1 April 2015	(13,729)	(36,228)	(62,215)	(112,172)
Payments made during the year	328	575	1,073	1,976
Liability outstanding at 31 March 2016	**(13,401)**	**(35,653)**	**(61,142)**	**(110,196)**
Short Term Finance Lease Liability (2016-17)	(405)	(752)	(1,275)	(2,432)
Long Term Finance Lease Liability (Future Years)	(12,996)	(34,901)	(59,867)	(107,764)
	(13,401)	**(35,653)**	**(61,142)**	**(110,196)**

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 2017		31 March 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
PFI Liabilities	107,765	202,780	110,196	203,546
Total PFI Liabilities	**107,765**	**202,780**	**110,196**	**203,546**

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

	Payments						
	Liability £000	Finance Costs £000	Contingent Rental Finance Costs £000	Service Charges incl. Lifecycle Costs £000	Total £000	Indexation	Contract Expiry
Hattersley							
Payments within 1 year	459	1,394	486	1,115	3,453		
Payments within 2 to 5 years	1,532	5,105	2,030	6,080	14,746		
Payments within 6 to 10 years	3,558	5,242	3,480	7,497	19,777	RPI	2033
Payments within 11 to 15 years	5,958	2,791	4,399	8,634	21,782		
Payments within 16 to 20 years	1,491	160	951	1,114	3,716		
	12,998	14,692	11,346	24,440	63,474		
Inspiredspaces Tameside (Hold Co 1) Ltd							
Payments within 1 year	849	3,150	558	1,966	6,522		
Payments within 2 to 5 years	3,601	11,825	2,682	9,290	27,397		
Payments within 6 to 10 years	7,213	12,508	4,757	12,541	37,020	RPIx	2036
Payments within 11 to 15 years	9,584	8,796	5,969	16,987	41,336		
Payments within 16 to 20 years	13,654	3,276	7,058	15,697	39,685		
Payments within 21 to 25 years	0	0	0	0	0		
	34,901	39,555	21,024	56,481	151,960		
Inspiredspaces Tameside (Hold Co 2) Ltd							
Payments within 1 year	1,277	5,946	516	2,758	10,497		
Payments within 2 to 5 years	5,989	22,376	2,646	12,473	43,484		
Payments within 6 to 10 years	11,099	24,089	4,806	17,811	57,804	RPIx	2038
Payments within 11 to 15 years	14,970	17,858	6,249	24,163	63,240		
Payments within 16 to 20 years	23,744	8,967	8,237	27,501	68,449		
Payments within 21 to 25 years	2,789	115	847	2,127	5,878		
	59,868	79,351	23,301	86,833	249,352		

29. Pension Schemes Accounted for as Defined Contribution Schemes

Pensions Costs

Employees of the Council are members of three separate pension 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.*

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

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

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

Service cost comprising:

***Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.*

***Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the CIES..*

***Net interest** on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.*

Re-measurement comprising:

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

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

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

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

Teachers' Pension Scheme

In 2016/17 the Council paid £8.122m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£8.054m in 2015/16). These contributions are based on a national rate of 16.48% throughout the financial year.

In addition, the Council is responsible for all pension payments relating to added years that it has awarded (plus annual related increases). 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 2016/17 these costs amounted to £1.888m (£1.972m in 2015/16). 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 2016/17, the Council paid £0.055m (£0.074m in 2015/16) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. These contributions are based on a national rate of 14.1% 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 2016/17.

30. Defined Benefit Pension Schemes

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

All employees (except those mentioned in Note 29) are, unless they have opted out, members of The Greater Manchester Pension Fund (the Fund) which is administered by the Council and operates in accordance with the regulations of the Local Government Pension Scheme. This is a funded scheme, meaning that the Council and employees pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2016/17 the Council paid an employer's contribution of £15.113m (£15.544m in 2015/16) into the Fund representing 20.2% (19.6% in 2015/16) of pensionable pay. The Council also paid £1.564m in 2016/17 (£1.585m in 2015/16) for pension payments relating to added years that it has awarded, together with related increases for these representing 2.1% (2% in 2015/16) of pensionable pay.

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

Transactions Relating to Post-employment Benefits

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

	2016/17 £000	2015/16 £000
Service Cost		
- Current service costs	17,806	22,205
- Past service costs (including curtailments)	290	354
Total Service Cost	18,096	22,559
Financing and Investment Income and Expenditure		
- Interest income on scheme assets	(26,305)	(24,526)
- Interest cost on defined benefit obligation	35,877	35,726
Total Net Interest	9,572	11,200
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**27,668**	**33,759**
Remeasurements of the Net Defined Liability		
- Return on plan assets excluding amounts included in net interest	(128,468)	29,008
- Actuarial losses arising from changes in financial assumptions	179,350	(100,146)
- Actuarial losses arising from changes in demographic assumptions	1,212	0
- Other experience	(40,178)	(17,902)
Total Remeasurements Recognised in Other Comprehensive Income and Expenditure	**11,916**	**(89,040)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**39,584**	**(55,281)**
Movement in Reserves Statement		
- Reversal of net charges made to the surplus or deficit on provision of services	46,282	52,805
- Employers' Contribution payable to the scheme	18,614	19,046

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:

	2016/17 £000	2015/16 £000
Fair value of emloyers assets	901,572	757,314
Present value of funded liabilities	(1,148,861)	(986,083)
Present value of unfunded liabilities	(47,613)	(45,163)
Net liability arising from Defined Benefit obligation	**(294,902)**	**(273,932)**

Reconciliation of the Movements in Fair Value of Scheme Assets:

	2016/17 £000	2015/16 £000
Opening fair value of scheme assets	**757,314**	**771,020**
Interest income	26,305	24,526
Remeasurement gain		
- Return on plan assets excluding amounts included in net interest	128,468	(29,008)
Contributions from employer	18,614	19,046
Contributions from employees into the scheme	4,746	5,036
Benefits paid	(33,875)	(33,306)
Closing fair value of scheme assets	**901,572**	**757,314**

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

	2016/17 £000	2015/16 £000
Opening fair value of scheme liabilities	**(1,031,246)**	**(1,119,279)**
Current service cost	(17,806)	(22,205)
Interest cost	(35,877)	(35,726)
Contributions from scheme participants	(4,746)	(5,036)
Remeasurement gain		
- Actuarial losses arising from changes in financial assumptions	(179,350)	100,146
- Actuarial losses arising from changes in demographic assumptions	(1,212)	0
- Other experience	40,178	17,902
Past service cost	(290)	(354)
Benefits paid	33,875	33,306
Closing fair value of scheme liabilities	**(1,196,474)**	**(1,031,246)**

Asset Category	31 March 2017 Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%	31 March 2016 Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	73,279.1	0.0	73,279.1	8%	66,689.1		66,689.1	9%
Manufacturing	75,034.6	0.0	75,034.6	8%	54,884.0		54,884.0	7%
Energy and Utilities	60,016.6	0.0	60,016.6	7%	40,653.7		40,653.7	5%
Financial Institutes	92,167.5	0.0	92,167.5	10%	73,463.2		73,463.2	10%
Health and Care	32,347.0	0.0	32,347.0	4%	31,667.9		31,667.9	4%
Information Technolo	22,904.5	0.0	22,904.5	3%	17,014.4		17,014.4	2%
Other	15,357.7	0.0	15,357.7	2%	9,980.9		9,980.9	1%
Debt Securities:								
Corporate Bonds (investment grade)	42,770.9	0.0	42,770.9	5%	37,729.9		37,729.9	5%
Corporate Bonds (non-investment grade)	0.0	0.0	0.0			0.1	0.1	
UK Government	11,861.9	0.0	11,861.9	1%	6,004.3		6,004.3	1%
Other	28,482.0	0.0	28,482.0	3%	23,644.5		23,644.5	3%
Private Equity:								
All	0.0	25,616.1	25,616.1	3%		18,921.7	18,921.7	3%
Real Estate:								
UK Property	0.0	24,723.5	24,723.5	3%		23,846.3	23,846.3	3%
Investment funds and Unit Trusts:								
Equities	225,718.6	0.0	225,718.6	25%	211,030.2		211,030.2	28%
Bonds	64,352.0	0.0	64,352.0	7%	58,835.8		58,835.8	8%
Infrastructure	0.0	20,786.4	20,786.4	2%		10,149.5	10,149.5	1%
Other	16,167.1	44,935.6	61,102.7	7%	14,880.6	36,832.0	51,712.6	7%
Derivatives:								
Other	0.0	0.0	0.0	0%	1,993.4		1,993.4	0%
Cash and Cash Equivalents:								
All	25,050.9	0.0	25,050.9	3%	19,092.5		19,092.5	3%
Totals	785,510.4	116,061.6	901,572.0	100%	667,564.4	89,749.6	757,314.0	100%

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 2016 actuarial valuation.

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

	2016/17 £000	2015/16 £000
Mortality assumptions *		
Longevity at 65 for current pensioners:		
Men	21.5	21.4
Women	24.1	24
Longevity at 65 for future pensioners:		
Men	23.7	24
Women	26.2	26.6
Rate of inflation	0.024	0.022
Rate of increase in salaries	0.025	0.035
Rate of increase in pensions	0.024	0.022
Rate for discounting scheme liabilities	0.026	0.035

* 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 2017	Approximate % change to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	9%	112,418
0.5% increase in the Salary Increase Rate	1%	15,307
0.5% increase in the Pension Increase Rate	8%	95,680

d. Impact on the Council's Cash Flows

As the Administering Authority of Greater Manchester Pension Fund (the Fund), the Council has prepared a Funding Strategy Statement (FSS) which sets out the funding objectives for the Fund.

The main valuation objectives within the FSS are to hold sufficient assets to meet the cost of members' accrued pension benefits on the target funding basis and to set employer contribution rates which ensure the long term solvency and cost efficiency of the Fund.

The most recent actuarial valuation of the Fund was as at 31 March 2016 which revealed that the Fund's assets, which were valued at £17,325 million, were sufficient to meet 93% of the liabilities (i.e. present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £1,371 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS.

The next actuarial valuation will be carried out as at 31 March 2019. The FSS will also be reviewed at that time.

The Council anticipates paying £15.712m contributions to the scheme in 2017/18. The weighted average duration of the defined benefit obligation for scheme members is 17.1 years.

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund 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	2016/17 £000	2015/16 £000
Depreciation and amortisation of non-current assets	(12,716)	(13,663)
Movement in Allowance for Bad or Doubtful Debts	0	0
(Increase)/Decrease in Creditors	2,701	3,877
Increase/(Decrease) in Debtors	1,696	4,443
Pensions Liability	(9,054)	(14,713)
Revaluation Losses	(38,086)	(12,813)
Carrying value on disposal of non-current assets	(7,808)	(45,374)
Other non-cash adjustments	7,629	2,379
	(55,639)	**(75,864)**

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2016/17 £000	2015/16 £000
Proceeds from the sale of non-current assets	4,139	7,903
Capital grants received	22,730	19,709
	26,869	**27,612**

c) Interest received, interest paid and dividends received	2016/17 £000	2015/16 £000
Interest received	(2,770)	(1,863)
Interest paid	17,098	17,413
Dividends received	(4,006)	(3,249)
	10,322	**12,301**

32. Investing Activities

	2016/17 £000	2015/16 £000
Purchase of property, plant and equipment, investment property and intangible assets	31,449	28,409
Purchase of short term and long term investments	186,100	153,100
Other movements in investing activities	2,265	12,132
Proceeds from the sale of non-current assets	(4,140)	(7,903)
Proceeds from short term and long term investments	(187,600)	(86,100)
Other receipts from investing activities	(23,251)	(19,709)
Net cash flows from investing activities	**4,823**	**79,929**

33. Financing Activities

	2016/17 £000	2015/16 £000
Cash receipts of short term and long term borrowing	(12,643)	(7,355)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,591	1,982
Repayments of short term and long term borrowing	8,481	4,077
Billing Authority - Council Tax and NDR adjustments	2,210	739
Net cash flows from financing activities	**639**	**(557)**

OTHER NOTES

34. Member's Allowances

	2016/17 £000	2015/16 £000
Payments to Members	1,119	1,181

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	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17 £000	2015/16 £000
£0-£20,000	0	0	63	148	63	148	448	1,617
£20,001-£40,000	0	0	5	32	5	32	137	845
£40,001-£80,000	0	0	0	1	0	1	0	48
Total	**0**	**0**	**68**	**181**	**68**	**181**	**585**	**2,510**

36. Officer's Remuneration

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

	2016/17				
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	168,598	168,598	0	34,057	**202,655**
Executive Director of People	125,042	125,042	0	25,258	**150,300**
Executive Director of Place	116,436	116,436	0	23,520	**139,956**
Executive Director of Governance, Resources & Pensions (Borough Solicitor)	125,243	125,243	0	25,299	**150,542**
Executive Director of Pensions *	9,274	9,054	0	37,965	**47,019**
Director of Public Health	97,478	92,965	0	19,691	**112,656**
Assistant Executive Director (Section 151 Officer) **	0	0	0	0	**0**

* The Executive Director of Pensions left the Authority on 29 April 2016 and this responsibility now falls under that of the Executive Director of Governance, Resources & Pensions
** The role of Section 151 Officer was filled by two Interim Officers consecutively between April 2016 and March 2017. The cost of the Interim Officers for this period was £141,430.

Post Holder Information	2015/16				
	Salary Entitle-ment Full Time £	Salary, Fees and Allow-ances £	Compen-sation for Loss of Office £	Employ-er's Pensions Contrib-ution £	Total £
Chief Executive - Steven Pleasant	166,929	166,929	0	32,718	**199,647**
Executive Director of People	123,804	123,804	0	24,266	**148,070**
Executive Director of Place	115,283	115,283	0	22,596	**137,879**
Executive Director of Governance & Resources (Borough Solicitor)	124,003	124,003	0	24,305	**148,308**
Executive Director of Pensions	111,283	111,283	0	0	**111,283**
Director of Public Health	97,478	91,876	0	13,279	**105,155**
Assistant Executive Director (Section 151 Officer) *	86,786	54,599	0	11,010	**65,609**

* The Section 151 Officer was in post until 22nd November 2015 and was replaced by an Interim Section 151 Officer. The cost of the interim placement was £68,806.

Employees' Remuneration

The Council's other employees, including teachers, (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) 2016/17	Number of employees (including severance payments) 2016/17	Number of employees (excluding severance payments) 2015/16	Number of employees (including severance payments) 2015/16
£50,000 - £54,999	67	66	81	82
£55,000 - £59,999	45	45	50	59
£60,000 - £64,999	34	34	30	32
£65,000 - £69,999	13	13	18	19
£70,000 - £74,999	12	12	9	10
£75,000 - £79,999	8	8	11	12
£80,000 - £84,999	2	3	3	3
£85,000 - £89,999	5	5	3	4
£90,000 - £94,999	0	0	1	0
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	3	3	1	1
£105,000 - £109,999	0	0	1	1
£110,000 - £114,999	1	1	0	0
£115,000 - £119,999	0	0	1	1
£120,000 - £124,999	0	0	0	1
£125,000 - £129,999	1	1	1	1
Total	**191**	**191**	**210**	**226**

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 liabilities at the Balance Sheet date:

Manchester Airport Group (MAG)

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

Guarantees

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

The Council is also guarantor in respect of employer's liability arising out of admission agreements made under the Local Government Pension Scheme Regulations 1997 for a number of organisations.

Warranties relating to the housing transfer

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

Maintenance of Pathways and Roads

Court rulings have determined that councils have a statutory duty to maintain certain footways, carriageways and public rights of way on former council housing estates that have been transferred to housing associations and other social landlords. This ruling has had an impact on the maintenance and insurance liabilities of the Council and the cost of maintaining highways within the Borough.

Greater Manchester Loan Funds Guarantee

The Council agreed to enter into an indemnity agreement to support the Greater Manchester Loan Fund. The fund was set up to provide loans to new and growing business in Greater Manchester. This was entered into alongside other Greater Manchester Authorities and given to Manchester City Council in order to underwrite the initial £12m to £14m capital in proportion to its percentage of GM population at the date of the establishment of the fund (June 2013).

For Tameside Council the maximum indemnity will be £1.138m which is 8.13% of the total indemnity.

At 31 March 2017 loans totalling £5.05m have been advanced.

The risk of the indemnity being called upon is considered to be low.

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.

Housing Investment Fund

The Greater Manchester Devolution Agreement provides for a Housing Investment Fund of £300m over ten years, to be invested in the form of recoverable loans and equity into property investments to deliver the growth ambitions of Greater Manchester (GM).

The Fund was set-up on 1 April 2015 and is administered by Manchester City Council as accountable body.

The Fund provides the opportunity to invest in locally prioritised schemes and give the flexibility required to stimulate the market, accelerate growth and increase housing supply.

In return for GM receiving this Fund it must guarantee that 80% of the funds drawn down, to a maximum of £240m, will be repaid to Her Majesty's Treasury (HMT) at the end of the Fund life (this is likely to be in 2028 when all loans advanced are repaid). The Department of Communities and Local Government (DCLG) will underwrite the first 20% of any loss to the Fund (up to a maximum of £60m).

Each GM District will indemnify a proportion of the Fund based on its percentage of GM population as at 1 April 2015. For Tameside Metropolitan Borough Council the maximum indemnity will be £19.388m which is 8.08% of the total indemnity.

At 31 March 2017 the amount drawn down was £41.831m.

It is not currently anticipated that there will be any call on this indemnity.

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 probable that there will be an inflow of economic benefits or service potential.

Disabled Facilities Grants

There is an outstanding claim for VAT in respect of Disabled Facilities Grants (covering the period 1 April 1994 to 31 March 2015) is £245k. It is anticipated, if the claim is accepted by HMRC, that simple interest on this claim would be in the region of 100% of the claim amount. An additional claim for £29k covering the period 1 April 2015 to 31 March 2016 will be submitted to HMRC imminently.

39. External Audit Costs

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

	2016/17 £000	2015/16 £000
Fees payable with regard to external audit services	105	105
Fees payable for the certification of grant claims and returns	24	39
Fees payable in respect of other services	10	22
Audit fee rebate	0	0
Total	**139**	**166**

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 Assistant Executive Director, Resources (Section 151 Officer) on 31 July 2017. 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 2017, 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.

General Policies

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at 31 March 2017.

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

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code') supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council's accounting policies are included in the relevant notes to the accounts, in the section to which they relate. The general accounting principles that have been adopted by the Council are shown below:

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.

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.

Cost of Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SERCOP) for Local Authorities 2016/17.

All recharges of support service costs are consistent with the principles outlined in the SERCOP. The total absorption costing principle is used. This means the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core costs (as these relate to the Council's status as a multi-functional, democratic organisation).
- Non-Distributed costs (as these are the costs of discretionary benefits awarded to employees retiring early).

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.

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;
- 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.

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.

Exceptional and Extraordinary Items

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

Revenue Recognition

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

Revenue Recognition

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

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

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

42. 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 43.

Accounting for Schools – Consolidation

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

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of 'the Code'. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests, relevant to the arrangements that prevail for the property. The Council recognises the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity. All PFI schools, including St Damians (a Voluntary Aided (VA) school) are recognised on the Council's Balance Sheet.

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

The Council has completed a school by school assessment across the different types of schools it controls. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets. This involved writing to each of the diocese who occupy schools within the Borough, as well as the Methodist Church of Great Britain, in order to establish the accounting arrangements.

The Roman Catholic Dioceses of Salford and Shrewsbury and the Church of England Dioceses of Chester and Manchester all responded in writing to confirm that the Voluntary Controlled (VC) and VA 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.

As the legal ownership of VC and VA school buildings resides with the religious body, the Council does not recognise them on the Balance Sheet, however the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

Type of School	**No of Primary School**	**No of Secondary School**	**No of Special School**	**Total**
Community	32	6	5	**43**
Voluntary Controlled (VC)	8	0	0	**8**
Voluntary Aided (VA)	21	2	0	**23**
Foundation	0	0	0	**0**
Foundation Trust	0	0	0	**0**
Maintained Schools	**61**	**8**	**5**	**74**
Academies	15	7	1	**23**
Total	**76**	**15**	**6**	**97**

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

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

There are no Foundation or Foundation Trust schools within the Borough.

Accounting for Schools - Transfers to Academy Status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.
Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Leases

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

Funding

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

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

Property, Plant and Equipment

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

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. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2017. The estimate has been calculated using the latest Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2017

Debt Impairment

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 such an allowance would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required.

PFI and Similar Arrangements

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

Pensions Fund Liability

The estimation of the Pension Fund liability depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Manchester Airports Group (MAG)

The Council's 3.22% 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 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.

MAG's financial statements became available during the period between the Council's subject to audit and audited accounts. MAG had profits for operations before taxation and significant items of £205.5m (£186.9m in 2015/16) and after taxation and significant items profit of £119.2m (£116.7m in 2015/16). MAG has total net assets of £1,542.0m at 31 March 2017 (£1,558.7m at 31 March 2016).

Housing Benefit Subsidy

Assumptions contained within the accounts include the final level of housing benefit subsidy grant receivable (included in the Comprehensive Income and Expenditure Statement). The amount will not be finalised until the 30 November 2017 when the auditor-certified claim is submitted and so the amount included in the accounts could differ.

Reserves

A number of assumptions are made regarding the required level of Council reserves. The Government has previously criticised the level of reserves held by councils as being too high. However, the professional consensus is that reserves are more necessary in times of greater risk and uncertainty.

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

- The further significant loss of Government funding .
- Support the Council's capital investment programme.
- Impact of the Care Together programme.
- Other cost pressures or national policy changes e.g. the impact of an ageing population and pressures within the local health economy.
- Delays in securing further, significant, ongoing savings targets and managing the medium term financial plans.
- Volatility of the Business Rates base and appeals .

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

Minimum Revenue Provision

The Council has adopted the following policy in relation to calculating the Minimum Revenue Provision (MRP):

- Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating MRP. It will be provided for in equal instalments over 50 years. 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.

- The following will be required in relation to borrowing taken up on or after 01/04/2015. 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; the debt will be fully extinguished at the end of period.

- 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.

44. 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 2016/17 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 2016/17 there were no material transactions with any individual bodies where a member has a controlling interest in the organisation. Transactions with the indivual bodies where a member has an influence in the organisation are as follows;

a. New Charter Housing Trust

During the year £1.196m was paid by the Council in respect of; supported accommodation; homeslessness and received £0.191m from New Charter Housing Trust.

b. Tameside Sports Trust

During the year £3.427m was paid to the Trust in respect of: an annual management fee to operate leisure facilities; improvement works to facilities; educational programmes; adult day care provision. In addition a sum of £1.600m was provided to the organisation as a wholly repayable loan. In the year the Council received loan repayments of £0.545m from Tameside Sports Trust.

Chief Officers

All Chief Officers have been asked to disclose any material transactions with related parties.

The Chief Executive has disclosed his joint role as the Accountable Officer of the NHS Tameside and Glossop Clinical Commissioning Group, this role started on the 1st October 2016. The values of these transactions are reported in Note 47.

The Chief Executive / Accountable Officer and the Executive Director of Place are Directors on the Board of Inspiredspaces Tameside Limited; as reported in below in the sub-section 'Entities controlled or Significantly Influenced by the Council'.

The Interim Assistant Executive Director of Finance, has disclosed the controlling interest in Davmard Limited. Payments of £133,700 (£nil in 2015/16) were made to the company during the year for financial management services.

Other Public Bodies

The Council pays levies towards the services provided by the Greater Manchester Waste Disposal Authority (£13.581m), the Greater Manchester Combined Authority Transport Levy (£15.294m), the Environment Agency Levy £0.108m and the Canal and Rivers Trust Levy £0.080m.

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 on page 115.

In the course of fulfilling its role as administering authority to the GMPF, the Council incurred costs for services (e.g. salaries and support costs) and construction of a new pension building, totalling £6.238m on behalf of the GMPF and reclaimed from HMRC VAT (net) of £0.336m. Total payments due to Tameside MBC therefore, amounted to £5.902m (2015/16 £8.357m). The GMPF reimbursed the Council £5.280m for these charges and there is a creditor of £0.622m owing to Tameside MBC at the year-end (2015/16 £0.578m).

Entities Controlled or Significantly Influenced by the Council

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 Code' contains revised provisions following the issue of new IFRS standards and the amendment of related existing standards. The new provisions have effect in three main areas:

- *A new definition of subsidiaries based on a remodelled control test;*
- *New classifications for joint operations and joint ventures; and*

- *Extended and revised disclosure requirements for group accounts.*

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

The Council's group boundaries have been assessed using the criteria outlined in 'the Code'. It was determined that the Council had a significant influence over Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd, with effective total shareholdings of 46% and two directors represented on the boards. However, on the basis of materiality the Council has determined that the preparation of group accounts for these Associate companies is not required.

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

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

	2016/17 £000	2015/16 £000
Inspiredspaces Tameside (Holdings1) Ltd & Inspiredspaces Tameside (Holdings2) Ltd	766	355
	766	**355**

The following amounts were due from Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd at the Balance Sheet date and are included in Short Term Debtors:

	2016/17 £000	2015/16 £000
Inspiredspaces Tameside (Holdings1) Ltd & Inspiredspaces Tameside (Holdings2) Ltd	338	332
	338	**332**

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 in the two holding companies 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.

45. Agency Services and Pooled Budgets

Agency Services

	HMP £000	iStandUK £000	i-Network £000	GMPHN £000
Balance Brought Forward	**(3,015)**	**(70)**	**31**	**(955)**
Contributions	(750)	(117)	(443)	(685)
Interest earned on Balances	(13)	0	0	0
Total Income	**(763)**	**(117)**	**(443)**	**(685)**
Employee Expenses	0	12	317	570
Payments as per Business Plan	195	0	0	0
Premises Expenses	0	0	23	21
Project Payments to Authorities	0	0	0	0
Supplies and Services Expenses	0	123	72	404
Total Expenditure	**195**	**135**	**412**	**995**
Receipt in Advance	**(3,583)**	**(52)**	**0**	**(645)**

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 Peak Valley Housing Association (PVHA). This is being improved and refurbished as part of the latter's business plan, for which £18.5m has been provided from the proceeds from the sale of the land.

The Council's partners in the project are Homes and Communities Agency, Symphony Housing Group and PVHA. The partners operate under a Collaboration Agreement and, in accordance with this Agreement signed by the principal partners, the Council acts as the accountable body on behalf of the partnership. The Council receives funds from the developers (Base Hattersley and CTP Property Holdings Ltd) as per the respective development agreements and distributes the funds to the partners in priority ranking as per the Agreement. The balance will be carried forward into 2017/18 and used to fund the remaining elements of the Hattersley Business Plan.

iStandUK

iStandUK (formerly entitled LeGSB) was established to develop and promote eStandards that support the efficiency, transformation, and transparency of local public services in the UK. The Council is the lead partner and accountable body for the project. The balance will be carried forward into 2016/17 to continue the work of the project.

i-Network

iNetwork brings together local authorities, police, fire, health, housing and voluntary sector organisations across the North and Midlands to support innovation and the transformation of local public services. It is chaired by the Chief Executive of the Council, who act as accountable body. iNetwork charges membership fees in order to sustain the partnership and deliver set outcomes, this is where a significant element of funding for this programme is obtained. The balance will be carried forward into 2017/18.

Greater Manchester Public Health Network (GMPHN)

GMPHN is a collaborative organisation that works on behalf of the Greater Manchester Directors of Public Health. The network supports Greater Manchester Local Authorities to fulfil their statutory public health functions under the Health and Social Care Act 2012. The network works with local partners to help reduce the impact of ill health on individuals and the Greater Manchester economy. The Council has been the accountable body for the GMPHN since 1 April 2013 and the Council's Chief Executive is the lead Chief Executive for Health. The Network is funded by membership. The balance will be carried forward into 2017/18.

Pooled Budgets

Integrated Community Equipment Service (ICES)

The Council is the host for the ICES. The aim of the ICES is to provide a community equipment service, responsive to authorised requests, which removes the burden and responsibilities from the partners regarding equipment sourcing, centralised storing, distribution, fitting and technical demonstrations, collection, recycling and servicing and maintenance. The net surplus arising on the pooled budget during the year was £0.137m and the Council's share of this surplus was £0.036m.

46. 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 £0.161m in 2016/17, which was made up of a deficit on chargeable activities of £0.159m and a deficit on non-chargeable activities of £0.002m.

	2016/17		
	CHARGEABLE	NON-CHARGEABLE	TOTAL
	£000	£000	£000
EXPENDITURE:			
Employee Expenses	221	2	223
Premises	16	0	16
Transport	0	0	0
Supplies and Services	20	2	22
Central and Support Service Charges	48	1	49
	305	**5**	**310**
INCOME:			
Building Regulation Charges	(146)	(3)	(149)
Miscellaneous Income	0	0	0
	(146)	**(3)**	**(149)**
(SURPLUS)/DEFICIT FOR YEAR	**159**	**2**	**161**

47. 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.

The Integrated Commissioning Fund supports the Tameside and Glossop Locality Plan. The plan 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.

The ICF is categorised into 3 distinct areas;

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
Funding contributions for services that cannot be delegated for formal joint provision.

In Collaboration Services
Services which cannot be included within Section 75 arrangements without a change in the legislation. These specialised services are jointly commissioned with NHS England.
During March 2016, the Council and the CCG approved that the Council would be the host organisation for the ICF and that each constituent organisation would be responsible for its own surplus / deficit arising at 31 March 2017

Council services included within the ICF are:
- Adult Social Care;
- Public Health;
- Children's Services.

It should be noted that related Council overhead expenditure for these services is excluded from the details provided within the supporting tables.

Funding provided to the pooled budget:	**2016/17 £000**		
	Council	**Tameside & Glossop CCG**	**Total**
Section 75	42,024	194,544	236,568
Wider Aligned Budget	27,248	161,220	188,468
In Collboration Services	0	32,677	32,677
Total	**69,272**	**388,441**	**457,713**

Expenditure met from the pooled budget:	**2016/17 '£000**		
	Council	**Tameside & Glossop CCG**	**Total**
Section 75	41,836	191,190	233,026
Wider Aligned Budget	30,068	157,101	187,169
In Collboration Services	0	32,981	32,981
Total	**71,904**	**381,272**	**453,176**

Supplementary Financial Statements

This section contains the accounts of the Collection Fund and of the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF).

Collection Fund

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

Income and Expenditure Account for the year ended 31 March 2017

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 2017			31 March 2016		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Income						
Income from Council Tax	(92,872)		**(92,872)**	(87,297)		**(87,297)**
Income from NDR	0	(58,550)	**(58,550)**		(58,971)	**(58,971)**
Total Income	**(92,872)**	**(58,550)**	**(151,422)**	**(87,297)**	**(58,971)**	**(146,268)**
Expenditure						
Council Tax						
The Council	74,333		**74,333**	70,394		**70,394**
Police and Crime Commissioner of GM	9,119		**9,119**	8,694		**8,694**
GM Fire and Rescue Authority	3,407		**3,407**	3,290		**3,290**
NDR						
The Council		28,698	**28,698**		27,691	**27,691**
Central Government		29,284	**29,284**		28,256	**28,256**
GM Fire and Rescue Authority		586	**586**		565	**565**
Allowance for cost of collection		301	**301**		301	**301**
Transitional Protection Payments		123	**123**		100	**100**
Increase/(decrease) in:						
Allowance for non-collection	1,007	1,027	**2,034**	1,830	983	**2,814**
Provision for appeals		1,789	**1,789**		474	**474**
(Surplus)/deficit allocated/paid out in year:						
The Council	1,000	506	**1,506**	369	1,030	**1,399**
Central Government		517	**517**		1,051	**1,051**
Police and Crime Commissioner of GM	123		**123**	46		**46**
GM Fire and Rescue Authority	47	10	**57**	18	21	**39**
Total Expenditure	**89,036**	**62,841**	**151,877**	**84,642**	**60,472**	**145,114**
(Surplus)/deficit for the year	**(3,836)**	**4,291**	**455**	**(2,655)**	**1,501**	**(1,154)**
Balance brought forward	(7,631)	2,369	**(5,262)**	(4,976)	868	**(4,108)**
(Surplus)/deficit for the year	(3,836)	4,291	**455**	(2,655)	1,501	**(1,154)**
Balance carried forward	**(11,467)**	**6,660**	**(4,807)**	**(7,631)**	**2,369**	**(5,262)**
Share of (surplus)/deficit						
The Council	(9,842)	3,263	**(6,579)**	(6,531)	1,161	**(5,370)**
Central Government		3,330	**3,330**		1,185	**1,185**
Police and Crime Commissioner of GM	(1,187)		**(1,187)**	(801)		**(801)**
GM Fire and Rescue Authority	(438)	67	**(371)**	(299)	24	**(276)**
	(11,467)	**6,660**	**(4,807)**	**(7,631)**	**2,369**	**(5,262)**

Notes to the Collection Fund

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 statement shows the Council's transactions in relation to the collection from taxpayers of Council Tax and NDR and its distribution to the relevant preceptors and Central Government.

The Council has a statutory requirement to operate 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 continue to be 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.

3. 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 2016/17, the total Non-Domestic Rateable value at the year-end is £148.6m (£149.9m in 2015/16). The national multipliers for 2016/17 were 48.4p for qualifying small businesses, and the standard multiplier being 49.7p for all other businesses (48.0p and 49.3p respectively in 2015/16).

Local authorities retain a proportion of the total collectable rates due. In the case of Tameside the local share is 49%. The remainder is distributed to the Greater Manchester Fire and Rescue Authority (GMFRA) (1%) and Central Government (50%).

The NDR shares paid in 2016/17, (excluding previous years distribution); were £29.284m to Central Government, £0.586m to GMFRA and £28.698m to the Council. These sums have been paid in 2016/17 and charged to the Collection Fund in year. The total income from NDR payers collectable in 2016/17 was £58.55m (£58.97m in 2015/16).

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

	Total Number Of Dwellings	Equiv-alent After Dis-counts etc.	Specified Ratio	Band D Equiv-alents	Income To Be Raised £000	Band D Equiv-alent Council Tax £	2016/17 Council Tax (Exclud-ing Mossley Parish) £
Disabled relief		58	5/9	32			
Band A	52,209	33,885	6/9	22,589			998.60
Band B	18,540	15,220	7/9	11,838			1,165.03
Band C	18,868	16,442	8/9	14,615			1,331.46
Band D	6,512	6,047	9/9	6,047			1,497.91
Band E	3,543	3,321	11/9	4,059			1,830.78
Band F	884	830	13/9	1,199			2,163.64
Band G	388	378	15/9	630			2,496.51
Band H	44	6	18/9	12			2,995.82
	100,988	**76,187**		**61,021**	**86,859**	**1,497.91**	
Less allowance for losses on collection				**(3,051)**			
Sub-total				**57,969.5**			
MOD properties				0			
Total Tameside Tax Base 2016/17				**57,969.5**			

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

	Total Number Of Dwellings	Equiv-alent After Dis-counts etc.	Specified Ratio	Band D Equiv-alents	Income To Be Raised £000	Band D Equiv-alent Council Tax £	2016/17 Council Tax (Including Mossley Parish) £
Disabled relief	0	2	5/9	1			
Band A	2,820	1,962	6/9	1,308			1,005.15
Band B	878	756	7/9	588			1,172.67
Band C	1,007	884	8/9	786			1,340.19
Band D	358	347	9/9	347			1,507.73
Band E	174	168	11/9	205			1,842.78
Band F	48	46	13/9	67			2,177.82
Band G	13	11	15/9	19			2,512.88
Band H	1	1	18/9	2			3,015.46
	5,299	**4,177**		**3,323**	**31**	**9.82**	
Less allowance for losses on collection				**(167)**			
Total Mossley Council Tax Base 2016/17				**3,156.3**			

Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

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

Income and Expenditure Account for the year ended 31 March 2017

	31 March 2017 £000	31 March 2016 £000
Income		
Interest recharged to responsible authorities	(5,581)	(6,570)
Gains/Losses on repurchase of debt	0	0
Total Income	**(5,581)**	**(6,570)**
Expenditure		
Interest on loans: Public Works Loan Board	5,393	6,397
Interest on loans: Pre 1974 Transferred Debt	11	10
Interest on loans: Temporary Borrowing	62	51
	5,466	6,458
Charge for future Premiums	54	54
Debt management expenses	61	58
Total Expenditure	**5,581**	**6,570**
(Surplus)/Deficit for year	**0**	**0**

The Balance Sheet as at 31 March 2017

	31 March 2017 £000	31 March 2016 £000
Debt Outstanding	**93,566**	**109,648**
Long Term Liabilities		
External Loans: Public Works Loan Board	64,964	67,964
External Loans: Pre 1974 Transferred	191	238
	65,155	68,202
Current Liabilities		
Creditors: Temporary Loans	27,948	42,041
Charge for future premiums	593	539
	28,541	42,580
Current Assets		
Debtors	(129)	(1,134)
	(129)	(1,134)
Net Current Liabilities	28,412	41,446
	93,567	**109,648**

1. Analysis by Responsible Authority

	31 March 2017 £000	31 March 2016 £000
Police and Crime Commissioner of GM	6,511	7,630
GM Fire and Rescue Service	3,187	3,735
GM Integrated Passenger Authority	15,824	18,543
Bolton MBC	6,276	7,355
Bury MBC	4,305	5,045
City of Manchester	11,951	14,005
Oldham MBC	12,650	14,824
Rochdale MBC	5,045	5,912
City of Salford	6,302	7,386
Stockport MBC	6,944	8,137
Tameside MBC	5,268	6,173
Trafford MBC	755	884
Wigan MBC	8,549	10,019
	93,567	**109,648**

The outstanding debt of £93.566m at 31 March 2017 includes former Manchester Airport debt of £8.181m and former Greater Manchester Probation Service debt of £0.791m.

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

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

2. Analysis by Type of Loan

	31 March 2017 £000	Year on Year Change £000	31 March 2016 £000	Year on Year Change £000
Public Works Loan Board	64,963	(3,000)	67,963	(31,963)
Debt administered by other authorities	191	(47)	238	(32)
Debt falling out in next 12 months	3,463	(29,500)	32,963	9,706
Temporary Loan	24,357	16,412	7,945	7,022
Revenue and other balances temporarily used for capital purposes	593	54	539	53
	93,567	**(16,081)**	**109,648**	**(15,214)**

3. Financial Instrument Balances

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

	31 March 2017		31 March 2016	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	65,154	27,356	68,201	39,908
Adjustment for Amortised Cost	0	598	0	2,101
Financial Liabilities at Amortised Cost	**65,154**	**27,954**	**68,201**	**42,009**
Total Borrowings	**65,154**	**27,954**	**68,201**	**42,009**

4. Financial Instruments Gains / Losses

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

	31 March 2017	31 March 2016
	Financial Liabilities Measured at Amortised Cost £000	Financial Liabilities Measured at Amortised Cost £000
Interest expense	(5,393)	(6,397)
Losses on derecognition	0	0
Interest payable and similar charges	**(5,393)**	**(6,397)**
Net loss for the year	**(5,393)**	**(6,397)**

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

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value (level 2) can be assessed by calculating the present value of the cash-flows that take place over the remaining life of the instruments, using the following assumptions:

- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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

The fair values are as follows:

	31 March 2017		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	67,963	83,783	100,905	119,659
Total Liabilities	**67,963**	**83,783**	**100,905**	**119,659**

The fair value is greater than the carrying amount because the portfolio of loans relating to the GMMDAF includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Fund 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 GMMDAF 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 Fund 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 £68.547m would be valued at £81.150m. But, if the Fund 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 £12.614m, principal of £67.963m, and accrued interest of £0.584m, totalling £81.162m.

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

6. Nature and extent of risks arising from Financial Instruments

Please see Note 20 within the Council's Notes to the Financial Statements.

Statement of Responsibilities

This is a signed statement by the Assistant Executive Director, Finance (Section 151 Officer) certifying that the accounts comply with requirements and ‘present a true and fair view’ of the Council’s financial position as at 31 March 2017.

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 Assistant Executive Director, 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 Assistant Executive Director, Resources (Section 151 Officer) Responsibilities

The Assistant Executive Director, 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 2016/17*.

In preparing this Statement of Accounts, the Assistant Executive Director, 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 Assistant Executive Director, 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.

Assistant Executive Director, 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 2017, and its income and expenditure for the year ended 31 March 2017.

Signed: Date:11 September 2017

I. Duncan
(Assistant Executive Director, Resources (Section 151 Officer))

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.

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.

Contingent Liabilities or Assets
These are amounts potentially due to or from individuals or organisations, which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Corporate and Democratic Core
Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities.

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.

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

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

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

Discounts
Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of 'the Code', gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves
The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

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

External Audit
The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

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

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

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

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

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

Greater Manchester Waste Disposal Authority (GMWDA)
This is a levying Authority that provides a waste disposal strategy, policy and services to nine of the AGMA Councils.

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

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

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

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

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

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

International Financial Reporting Standards (IFRS)
Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity’s financial position, and a standardised method of comparison with financial statements of the other entities.

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

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

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

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

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

Medium Term Financial Strategy (MTFS)
This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget and capital programme.

Minimum Revenue Provision (MRP)
MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

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.

Non Distributed Costs
These are overheads for which no user now benefits and should not be apportioned to services.

Net Realisable Value (NRV)
NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Operating Lease
This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Council.

Precept
The amount levied by one authority which is collected on its behalf by another (the billing authority).

Premiums
These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)
A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

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

Public Works and Loans Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long term funding requirements 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.

Reserves
Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure
Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Service Reporting Code of Practice (SeRCOP)
Prepared and published by CIPFA. SeRCOP establishes proper practices with regard to consistent financial reporting for services.

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 2016/17

Fund Account for the Year Ended 31 March 2017

31 March 2016 £000		Note	31 March 2017 £000
	Contributions and benefits		
(142,090)	Contributions from employees	5	(139,424)
(454,446)	Contributions from employers	5	(473,366)
(596,536)			(612,790)
(17,910)	Transfers in (bulk)		(6,078)
(15,111)	Transfers in (individual)		(19,432)
(629,557)			(638,300)
704,777	Benefits payable	6	725,550
35,118	Payments to and on account of leavers	7	44,745
19,330	Management expenses	8	30,305
759,225			800,600
	Returns on investments		
(316,176)	Investment income	9	(364,468)
(5,074)	Investment returns by proxy	9a	(84)
455,768	Reduction/(increase) in fair value of investments	11	(3,743,741)
2,612	Taxation	10	3,914
(220)	(Profit)/loss on foreign currency		(4,358)
136,910	**Net (profit)/loss on investments**		**(4,108,737)**
266,578	Net increase in the Fund during the year		(3,946,437)
(17,591,201)	Net assets of the Fund at start of year		(17,324,623)
(17,324,623)	**Net assets of the Fund at end of year**		**(21,271,060)**

Net Assets Statement at 31 March 2017

31 March 2016 £000		Note	31 March 2017 £000
2,854,368	UK equities		3,526,582
3,641,034	Overseas equities		4,974,026
1,055,367	Bonds	11	1,517,437
138,640	UK index linked government bonds		127,002
426,807	Overseas index linked government bonds		387,035
525,270	Investment property	11	552,470
0	Derivative contracts	11	121
7,911,323	Pooled investment vehicles	11	9,192,482
627,786	Cash and deposits	11	868,391
132,550	Other investment assets	11	118,567
17,313,145	**Investment assets**		**21,264,113**
(178)	Derivative contract liabilities	11	0
(21,925)	Other investment liabilities	11	(18,967)
(22,103)	**Investment liabilities**		**(18,967)**
54,283	Current assets	11	44,313
(20,702) .	Current liabilities	11	(18,399)
33,581	**Net current assets**		**25,914**
17,324,623	**Net assets of Fund**		**21,271,060**

Notes to Greater Manchester Pension Fund

1a. 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 2016/17 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 consists of 21 elected Members (12 from Tameside MBC, being the Administering Authority, and 9 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 10 Greater Manchester local authorities and the Ministry of Justice are represented on the Advisory Panel and there are 6 employee representatives nominated by the North West TUC. There are also 4 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 has 6 Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. These Working Groups cover:

- Investment Monitoring and Environment, Social and Governance issues
- Alternative Investments
- Pensions Administration
- Property
- Policy and Development
- Employer Funding and Viability

There are 3 Officers to GMPF:

- Executive Director of Governance, Resources & Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings
- Chief Executive and Executive Director of Governance, Resources & Pensions – jointly responsible for the provision of legal and secretarial services to the Management and Advisory Panels

- Interim Assistant Executive 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:
- 3 external Investment Managers that manage multi asset briefs
- 1 external manager with a global equity brief
- 2 external managers with a direct and indirect UK property brief
- 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 judge GMPF's performance relative to market returns and the rest of the pensions industry. 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 who 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 2017 and the preceding year is shown below:

31 March 2016		31 March 2017
111,328	Contributors	109,886
114,444	Pensioners	117,999
124,949	Deferred Members *	129,971
350,721	**Total Membership**	**357,856**

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

The employers contributing to GMPF can be found in Note 20.

Further information is published in the Greater Manchester Pension Fund Annual Report 2016/17 and Funding Strategy Statement (FSS). The FSS is available from www.gmpf.org.uk and the Annual Report will be published on the website following the Annual General Meeting in September 2017.

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. Individual transfer values are recognised on a received or paid basis.

Financial assets and liabilities: On initial recognition, GMPF is required to classify financial assets and liabilities into held to maturity investments, available for sale financial assets, held for trading, designated at fair value through the Fund account, or loans and receivables. Financial assets may be designated as at fair value through the Fund account only if such designation (a) eliminates or significantly reduces a measurement or recognition of inconsistency, or (b) applies to a group of financial assets, financial liabilities or both that GMPF manages and evaluates on a fair value basis, or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

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 deficit 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 and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

Accrued Investment Income: Accrued investment income has been categorised within investments in accordance with the appropriate Pensions Statement of Recommended Practice (SORP).

Foreign Income: Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2017.

Foreign Investments: Foreign investments are translated at the exchange rate applicable at 31 March 2017. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

Rental income: Rental income from operating leases on investment properties owned by GMPF is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents are only recognised when contractually due.

Benefits: Benefits includes all benefit claims payable by GMPF during the financial year.

Investment Values: All financial assets are valued at their fair value as at 31 March 2017 determined as follows:

At 31 March 2017	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2016 subsequently adjusted for transactions undertaken between 1 January 2017 and 31 March 2017. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2017 by GVA. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book which takes into account unobservable pricing inputs such as existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels, estimated rental growth and the discount rate.	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. Changes in rental growth void levels or the discount rate used will impact on valuations. General changes in property market prices could also affect valuations.
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. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.

At 31 March 2017	Valuation basis/technique	Main assumptions
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	
Private equity, 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, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models.	In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.
Cash and other net assets	Value of deposit or value of transaction	Cash and account balances are short-term, highly liquid and subject to minimal changes in value.

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

Loans and receivables: Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Cash and cash equivalents: Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Acquisition costs of investments: Acquisition costs of non-equity investments are included in the purchase price.

Management Expenses: Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page 116. 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, 3 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 11a 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 comprises the change in value of short-term deposits due to exchange rate movements during the year.

Actuarial present value of promised retirement benefits: The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement (see Note 25).

Derivatives: GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value.

Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin.

Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

Transfers: Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local 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 are accounted for on an accruals basis.

Taxation: GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

2a. Critical judgements in applying accounting policies

In applying the policies, GMPF has had to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are:

- GMPF will continue in operational existence for the foreseeable future as a going concern
- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Note 2: Accounting Policies.

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. GMPF accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed below:

Unquoted equity, infrastructure and special opportunities investments
Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2017 was £1,246,146,000 (£1,043,193,000 at 31 March 2016).

Pension Fund Liability
The present value of GMPF's liabilities is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 25. This estimate is subject to significant variances based on change to the underlying assumptions.

3. Classification of Financial Instruments

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

	At 31 March 2017		
	Designated as fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**
	£000	**£000**	**£000**
Financial assets:			
Equities	8,500,608	0	0
Bonds	1,517,437	0	0
Index linked	514,037	0	0
Derivatives	121	0	0
Pooled investment vehicles	9,192,481	0	0
Cash	0	868,391	0
Other investment assets	0	118,567	0
Current assets	0	44,313	0
	19,724,684	**1,031,271**	**0**
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	0	0	(19,030)
Current liabilities	0	0	(18,336)
	0	**0**	**(37,366)**
Total	**19,724,684**	**1,031,271**	**(37,366)**

Note: the above table does not include investment property.

	At 31 March 2016		
	Designated as fair value through profit and loss	**Loans and receivables**	**Financial liabilities at amortised cost**
	£000	**£000**	**£000**
Financial assets:			
Equities	6,495,402	0	0
Bonds	1,055,367	0	0
Index linked	565,447	0	0
Derivatives	0	0	0
Pooled investment vehicles	7,911,323	0	0
Cash	0	627,785	0
Other investment assets	0	132,550	0
Current assets	0	54,283	0
	16,027,539	**814,618**	**0**
Financial liabilities:			
Derivatives	(178)	0	0
Other investment liabilities	0	0	(21,925)
Current liabilities	0	0	(20,703)
	(178)	**0**	**(42,628)**
Total	**16,027,361**	**814,618**	**(42,628)**

Note: the above table does not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the Fund account. The net profit for the year ending 31 March 2017 was £3,746,606,000 (£477,963,000 net loss as at 31 March 2016).

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 2017			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	8,500,608	0	0	8,500,608
Fixed interest	0	1,517,437	0	1,517,437
Index linked	0	514,037	0	514,037
Derivatives	0	121	0	121
Pooled investment vehicles	0	7,052,478	2,140,003	9,192,481
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	552,470	552,470
Total	**8,500,608**	**9,084,073**	**2,692,473**	**20,277,154**

	At 31 March 2016*			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	6,495,402	0	0	6,495,402
Fixed interest	0	1,055,367	0	1,055,367
Index linked	0	565,447	0	565,447
Derivatives	0	(178)	0	(178)
Pooled investment vehicles	0	6,274,360	1,636,963	7,911,323
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	525,270	525,270
Total	**6,495,402**	**7,894,996**	**2,162,233**	**16,552,631**

** Restated to incorporate directly held investment property comparator in accordance with 2016/17 CIPFA Code requirements.*

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.

Level 2
Level 2 prices are those other than Level 1 that are observable e.g. composite prices for fixed income instruments and fund net asset value prices. This is considered to be the most common level for all asset classes other than equities.

Level 3
Level 3 prices are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Such instruments would include the GMPF private equity and infrastructure investments which are valued using various valuation techniques that require significant management judgement in determining appropriate

assumptions, including earnings multiples, public market comparables and estimated future cash flows.

The valuation techniques used by GMPF are detailed in Note 2.

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

31 March 2016 £000		**31 March 2017 £000**
1,623,697	Opening balance	2,162,233
654,644	Acquisitions	660,237
(245,117)	Disposal proceeds	(334,588)
0	Transfer in of Level 3	0
	Total gains/losses included in the Fund account:	
46,967	- on assets sold	56,131
82,043	- on assets held at year end	148,460
2,162,233	**Closing balance**	**2,692,473**

GMPF has cash, other investment assets and liabilities. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

4. Financial risk management

The Management Panel of GMPF recognises that risk is inherent in any investment activity. GMPF has an active risk management programme in place and the measures which it uses to control key risks are set out in its Funding Strategy Statement (FSS).

The FSS is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.

The FSS is reviewed in detail every 3 years in line with triennial valuations being carried out. A full review was completed by 31 March 2017.

GMPF's approach to 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 2016 p.a.**	**31 March 2017 p.a.**
UK equities	17.1%	15.8%
Overseas equities	19.6%	18.4%
Fixed interest - gilts	6.7%	9.5%
Index linked gilts	5.1%	7.1%
Corporate bonds	9.5%	10.1%
Overseas bonds	12.2%	12.8%
Investment property	14.7%	14.2%
Private equity	28.7%	28.5%
Infrastructure	15.7%	15.9%
Cash and other liquid funds	0.6%	0.0%
GMPF	12.7%	11.6%

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 2016 and 2017. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

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 2016 and 2017 would have been as shown in the tables below.

Asset Type	31 March 2017 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	4,621,469	15.8%	5,351,661	3,891,277
Overseas equities	9,072,779	18.4%	10,742,170	7,403,387
Fixed interest - gilts	855,870	9.5%	937,177	774,562
Index linked gilts	481,216	7.1%	515,382	447,049
Corporate bonds	1,167,104	10.1%	1,284,982	1,049,227
Overseas bonds	984,426	12.8%	1,110,432	858,419
Investment property	1,274,359	14.2%	1,455,318	1,093,400
Private equity	929,973	28.5%	1,195,016	664,931
Infrastructure	488,140	15.9%	565,754	410,526
Cash and other liquid funds	1,388,777	0.0%	1,388,777	1,388,777
GMPF	**21,264,113**	**11.6%**	**23,730,749**	**18,797,475**

Note: the above table does not include investment liabilities and net current assets.

Asset Type	31 March 2016 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,851,532	17.1%	4,510,144	3,192,920
Overseas equities	7,304,655	19.6%	8,736,367	5,872,943
Fixed interest - gilts	531,952	6.7%	567,593	496,311
Index linked gilts	444,852	5.1%	467,539	422,164
Corporate bonds	1,056,847	9.5%	1,157,247	956,446
Overseas bonds	877,508	12.2%	984,564	770,452
Investment property	1,104,677	14.7%	1,267,065	942,289
Private equity	710,218	28.7%	914,051	506,385
Infrastructure	347,338	15.7%	401,870	292,806
Cash and other liquid funds	1,083,567	0.6%	1,090,068	1,077,066
GMPF	**17,313,145**	**12.7%**	**19,511,915**	**15,114,376**

Note: the above table does not include investment liabilities and net current assets.

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 2017, GMPF had £372,277,000 (2015/16 £323,232,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £3,723,000 (2015/16 £3,232,000) on an annualised basis.

Currency risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of foreign exchange rates will contribute to the overall volatility of overseas assets. GMPF's approach is to consider these risks in a holistic nature. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio including overseas assets which are separately identified.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause GMPF to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of GMPF's financial assets and liabilities. The volatility of credit risk is encapsulated within the overall volatility of assets detailed in the table showing market risk.

In essence, GMPF's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises the credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative positions in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority, 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 2017 was £845,372,000 (31 March 2016 £606,958,000). This was held with the following institutions.

SUMMARY	RATING	BALANCE at 31 March 2016	BALANCE at 31 March 2017
		£000	£000
Money market Funds			
Fidelity	AAA	0	20,500
Aberdeen Assets	AAA	0	50,000
Blackrock Government	AAA	0	20,000
Blackrock	AAA	25,000	50,000
Insight	AAA	50,000	40,800
J P Morgan	AAA	50,000	50,000
HSBC	AAA	0	29,240
SSGA	AAA	24,000	50,000

GOLDMANS	AAA	0	32,880
IGNIS	AAA	50,000	50,000
D B Advisors	AAA	50,000	50,000
Prime Rate	AAA	50,000	50,000
Morgan Stanley	AAA	50,000	45,930
Legal & General	AAA	50,000	50,000
Invesco	AAA	9,300	50,000
Banks			
Heleba	A+	0	25,000
CIBC	AA-	0	25,000
Barclays	A	0	50,000
RBS	BBB+	8,043	16,022
Local authorities & public bodies			
Salford Council	N/A	9,000	0
Cambridgeshire County Council	N/A	0	10,000
Telford & Wrekin Council	N/A	28,000	10,000
Newport Council	N/A	5,000	0
Greater London Authority	N/A	25,000	0
Eastleigh Council	N/A	10,000	0
West Dunbartonshire Council	N/A	0	10,000
Highland Council	N/A	18,000	0
London Borough Hackney	N/A	0	15,000
Birmingham City Council	N/A	0	25,000
Dundee Council	N/A	8,000	0
Glasgow Council	N/A	48,615	0
Dumfries & Galloway Council	N/A	5,000	0
Barking & Dagenham Council	N/A	5,000	0
King's Lynn & West Norfolk Council	N/A	4,000	0
Middlesbrough Council	N/A	5,000	0
Norfolk P&C Commissioner	N/A	6,000	0
Northumbria P&C Commissioner	N/A	9,000	0
Stockport Council	N/A	5,000	0
North Ayrshire Council	N/A	0	5,000
Leeds City Council	N/A	0	15,000
Totals		**606,958**	**845,372**

Liquidity risk

Liquidity risk represents the risk that GMPF will not be able to meet its financial obligations as they fall due. TMBC therefore take steps to ensure that GMPF has adequate cash resources to meet its commitments. This will particularly be the case for cash from the liability matching mandates from the main investment strategy to meet the pensioner payroll cost; and also cash to meet investment commitments.

TMBC has immediate access to the GMPF cash holdings, with the exception of investments placed with other local authorities – where periods are fixed when the deposit is placed.

GMPF had in excess of £845 million cash balances at 31 March 2017.

All financial liabilities at 31 March 2017 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 2016 £000	Liquidity terms	31 March 2017 £000
14,960,297	Assets realisable within 7 days	18,381,640
101,000	Assets realisable in 8-30 days	55,000
56,615	Assets realisable in 31-90 days	35,000
2,195,233	Assets taking more than 90 days to realise	2,792,473
17,313,145	**Total**	**21,264,113**

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 2016 £000		31 March 2017 £000
(142,090)	Employees' contributions	(139,424)
	Employers:	
(444,978)	Normal contributions	(459,512)
(9,075)	Deficit recovery contributions	(13,171)
(393)	Augmentation contributions	(683)
(454,446)	Total employer contributions	(473,366)
(596,536)	Total contributions	**(612,790)**

By Authority

31 March 2016 £000		31 March 2017 £000
(366,668)	Part 1 Schedule 2 Scheme Employers	(379,346)
(98,708)	Designating bodies	(103,855)
(115,053)	Community admission bodies	(109,463)
(16,107)	Transferee admission bodies	(20,126)
(596,536)		**(612,790)**

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 by employer is contained in Note 20 of these statements.

At the 2016 Actuarial Valuation, GMPF was assessed as 93% funded. Some employers will make contributions in excess of their future service rate in order to help repay the deficit over a period of time.

The contribution rates specified in the Actuarial Valuation are minimum contribution rates. Some employers have made voluntary payments in excess of these minimum rates. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2016 Actuarial Valuation report located at www.gmpf.org.uk.

6. Benefits Payable

By Category

31 March 2016 £000		31 March 2017 £000
573,447	Pensions	591,560
114,724	Commutation & lump sum retirement benefits	117,452
16,606	Lump sum death benefits	16,538
704,777		**725,550**

By Authority

31 March 2016 £000		31 March 2017 £000
558,866	Part 1 Schedule 2 Scheme Employers	566,081
25,582	Designating bodies	29,584
109,691	Community admission bodies	116,905
10,638	Transferee admission bodies	12,980
704,777		**725,550**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in Note 20 of these statements.

7. Payments to and on account of leavers

31 March 2016 £000		31 March 2017 £000
5,420	Group transfers to other schemes	2,393
28,343	Individual transfers to other schemes	40,382
462	Payments for members joining state scheme	639
(155)	Income for members from state scheme	(179)
1,048	Refunds to members leaving service	1,510
35,118		**44,745**

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 2016 £000		31 March 2017 £000
1,211	Employee costs	1,278
67	Support services including IT	187
*	Transaction costs (Public managers)	5,842
11,541	Management fees	15,764
320	Custody fees	338
13,139		**23,409**

* *GMPF's accounting data provider has developed the systems to identify these costs on all equity transactions from 1 April 2016. Please see Note 11a for further details of transaction costs.*

Administrative costs:

31 March 2016 £000		31 March 2017 £000
3,695	Employee costs	3,632
1,031	Support services including IT	1,505
100	Printing and publications	155
4,826		**5,292**

Oversight and governance costs:

31 March 2016 £000		31 March 2017 £000
412	Employee costs	480
315	Support services including IT	404
152	Governance and decision making costs	133
56	Investment performance monitoring	64
62	External audit fees	62
102	Internal audit fees	104
131	Actuarial fees - investment consultancy	49
135	Actuarial fees	308
1,365		**1,604**

** Total fee paid to external auditors in 2016/17 is £62,337 (2015/16 £62,337) of which £5,996 (2015/16 £5,996) was paid in relation to work carried out on behalf of GMPF's main scheme employers*

9. Investment income

31 March 2016 £000		31 March 2017 £000
(45,208)	Fixed interest (corporate and government bonds)	(45,165)
(205,567)	Equities	(236,945)
(5,106)	Index linked	(4,529)
(31,100)	Pooled investment vehicles	(46,285)
(28,237)	Investment property (gross)	(30,494)
3,869	Investment property non-recoverable expenditure	3,101
(4,039)	Interest on cash deposits	(3,395)
(744)	Stock lending	(756)
(44)	Underwriting	0
(316,176)		**(364,468)**

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly, UBS pooled funds for Emerging Market Equities, Capital International pooled funds for Emerging Market Equities and High Yield Bonds, Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund, Standard Life Investments UK Property Development Fund, EID Unit Fund and Darwin Leisure Property Fund in which GMPF invest have income automatically reinvested with that fund.

9a. Investment Return by Proxy

On 1st June 2014, in accordance with Statutory Instrument 1146 (2014), GMPF became the sole administering authority for probation staff and former probation staff in England and Wales that have or are eligible for LGPS membership.

The transfer of assets from the former Administering Authorities was a staged process throughout 2014/15 to 2015/16 and 2016/17 (the final year of transfer), with the ceding LGPS funds paying an estimated compensatory amount to GMPF to reflect investment returns for the period between the agreed transfer date and the actual transfer value receipt date. Once the actual investment returns of the transferring funds were established, the amount was refreshed and an adjustment paid to or from GMPF to reflect this return.

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 2016/17 amounts to £3,914,000 (2015/16 £2,612,000) and is shown as a tax charge.

As Tameside MBC is the Administering Authority for GMPF, VAT input tax was recoverable on all GMPF activities including expenditure on investment and property expenses.

11. Investments at fair value

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

Value at 1 April 2016 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2017 £000
	Designated as at fair value through the fund account				
6,495,402	Equities	2,455,907	(2,332,607)	1,881,906	8,500,608
1,055,368	Bonds	1,015,155	(632,276)	79,190	1,517,437
565,447	Index linked	385,995	(506,043)	68,637	514,037
525,270	Investment property	62,229	(32,163)	(2,866)	552,470
(178)	Derivatives	15,562	(24,921)	9,658	121
7,911,323	Managed and unitised funds	838,952	(1,265,009)	1,707,216	9,192,482
16,552,632		4,773,800	(4,793,019)	3,743,741	20,277,155
	Loans and receivables				
627,785	Cash				868,391
144,206	Other investments and net assets				125,514
17,324,623	**Total**				**21,271,060**

Value at 1 April 2015 £000		**Purchases £000**	**Sales £000**	**Change in fair value £000**	**Value at 31 March 2016 £000**
	Designated as at fair value through the fund account				
6,748,315	Equities	2,593,343	(2,350,927)	(495,329)	6,495,402
1,301,494	Bonds	418,893	(628,383)	(36,636)	1,055,368
547,437	Index linked	379,078	(379,590)	18,522	565,447
409,235	Investment property	120,506	(26,666)	22,195	525,270
325	Derivatives	14,608	(23,338)	8,227	(178)
7,882,069	Managed and unitised funds	969,493	(967,492)	27,253	7,911,323
16,888,875		4,495,921	(4,376,396)	(455,768)	16,552,632
	Loans and receivables				
628,823	Cash				627,785
73,503	Other investments and net assets				144,206
17,591,201	**Total**				**17,324,623**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investment during the year.

Bonds

31 March 2016 £000		**31 March 2017 £000**
107,221	UK public sector quoted	370,452
130,975	Overseas Public Sector quoted	237,234
722,582	UK corporate quoted	796,827
94,589	Overseas corporate quoted	112,924
1,055,367		**1,517,437**

Investment Property

31 March 2016 £000		**31 March 2017 £000**
486,535	UK - Main investment property portfolio	517,210
38,735	UK - Greater Manchester Property Venture Fund	35,260
525,270		**552,470**

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

With the sole exception of two investment properties, where a rent sharing agreement is in place with the freeholder, no directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

Committed expenditure in relation to investment property can be found at Note 17.

In accordance with the Investment Property Strategy, decisions have been taken to sell eight investment properties. These were either being prepared for sale, were being marketed or prices had been agreed at 31 March 2017 (combined prices totalled £33,640,000).

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

Movement in the fair value of investment properties in 2016/17	**£000**
Balance at 1 April 2016	525,270
Purchases	57,768
Expenditure during year	4,461
Disposals	(32,163)
Net gains/ (losses) from fair value adjustments	(2,866)
Balance at 31 March 2017*	**552,470**

** Of which £33,640,000 relates to properties being marketed at 31 March 2017.*

Movement in the fair value of investment properties in 2015/16	**£000**
Balance at 1 April 2015	409,235
Purchases	114,650
Expenditure during year	5,856
Disposals	(26,666)
Net gains/ (losses) from fair value adjustments	22,195
Balance at 31 March 2016	**525,270**

.**Future Operating Lease Rentals Receivable**

31 March 2016 £000		**31 March 2017 £000**
23,873	Not later than 1 year	24,171
78,366	Later than 1 year, but not later than 5 years	97,912
179,671	Later than 5 years	146,943
281,910	**Total**	**269,026**

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

Where a lease contains a “tenant’s break” clause, it is only up to this point that the aggregation is made.

Derivatives

31 March 2016 £000		31 March 2017 £000
	Investment assets:	
183	Forward Currency contracts	913
	Investment liabilities:	
(361)	Forward Currency contracts	(792)
(178)	**Net (liability)/asset**	**121**

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF's objective in entering into derivative positions is to decrease risk in the portfolio.

31 March 2017	Settlement Date	Currency	Currency Bought	Currency	Currency Sold	Asset	Liability
Contract			**000**		**000**	**£000**	**£000**
Forward Currency Contact	Within one month	JPY	8,160,499	GBP	58,697	0	(105)
Forward Currency Contact	Within one month	GBP	76,743	EUR	88,745	795	0
Forward Currency Contact	Within one month	USD	4,912	GBP	4,000	0	(72)
Forward Currency Contact	Within one month	NOK	7,594	EUR	850	0	(20)
Forward Currency Contact	Within one month	USD	479	ZAR	6,300	8	0
Forward Currency Contact	Within one month	SEK	17,606	EUR	1,850	0	(5)
Forward Currency Contact	Within one month	SEK	15,703	EUR	1,650	0	(5)
Forward Currency Contact	Within one month	EUR	2,642	JPY	320,000	0	(36)
Forward Currency Contact	Within one month	JPY	400,706	USD	3,500	78	0
Forward Currency Contact	Within one month	USD	1,391	AUD	1,850	0	(16)

Forward Currency Contact	Within one month	JPY	940,417	GBP	6,720	30	0
Forward Currency Contact	Within one month	EUR	9,607	GBP	8,400	0	(181)
Forward Currency Contact	Within one month	USD	15,917	GBP	12,726	0	(294)
Forward Currency Contact	Within one month	NOK	15,632	USD	1,850	0	(24)
Forward Currency Contact	Within one month	USD	2,137	MXN	41,190	0	(34)
Forward Currency Contact	Within one month	USD	991	ZAR	13,300	2	0
Total						**913**	**(792)**

The above tables analyse the derivative contracts held at 31 March 2017 by maturity date. The Forward Currency Contracts were all traded on an over-the-counter-basis.

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 2016 £000 (restated) *		31 March 2017 £000
255,569	UK Property	297,106
25,394	Overseas property	83,589
595,811	Overseas equity	774,441
266,160	UK private equity & infrastructure	322,541
548,571	Overseas private equity & infrastructure	826,408
136,575	UK special opportunities portfolio	80,460
90,881	Overseas special opportunities portfolio	188,417
1,918,961	**Managed funds**	**2,572,962**
271,813	Property	300,329
990	Overseas private equity	288
16	UK private equity	0
272,819	**Unit trusts**	**300,617**
40,995	Property	40,865
997,163	UK quoted equity	1,094,888
424,731	UK fixed interest	485,417
306,211	UK index linked securities	354,214
334,265	UK corporate bonds	370,277
323,232	UK cash instruments	372,277
3,067,810	Overseas quoted equity	3,324,312
161,363	Overseas fixed interest	183,422
22,174	Overseas corporate bonds	21,891
41,599	Overseas index linked securities	41,919
0	Inflation funds	29,421
5,719,543	**Insurance policies**	**6,318,903**
7,911,323	**Total pooled investment vehicles**	**9,192,482**

***** *Following a review of asset classification techniques during 2016/17, a restatement of 2015/16 figures was undertaken in accordance with part 3.3.2.5 of the CIPFA Code. There is no change to the total value of Pooled Investment Vehicles for 2015/16.*

Cash

31 March 2016 £000		31 March 2017 £000
608,801	Sterling	846,540
18,985	Foreign currency	21,851
627,786		**868,391**

Other investments balances and net assets

31 March 2016 £000		31 March 2017 £000
37,918	Amounts due from broker	17,599
38,564	Outstanding dividends and recoverable withholding tax	39,196
18,437	Gross accrued interest on bonds	19,735
3,583	Gross accrued interest on loans	3,448
33,708	Investment loans	38,056
340	Other accrued interest and tax reclaims	533
132,550	**Other investment assets**	**118,567**
(21,596)	Amounts due to broker	(18,531)
0	Amounts due to other funds re asset transfers	0
0	Variation margin	0
(329)	Irrecoverable withholding tax	(436)
(21,925)	**Other investment liabilities**	**(18,967)**
36,354	Employer contributions - main scheme	19,695
386	Employer contributions - additional pensions	307
3,591	Property	8,771
8,475	Development of new Pensions office building	8,127
5,477	Other	7,413
54,283	**Current assets**	**44,313**
(7,849)	Property	(7,224)
(897)	Employer contributions - main scheme	0
(1,604)	Employer contributions - additional pensions	(2,351)
(4,376)	Admin & investment management expenses	(4,196)
(5,976)	Other	(4,628)
(20,702)	**Current liabilities**	**(18,399)**
33,581	**Net current assets**	**25,914**
144,206	**Other investment balances and net assets**	**125,514**

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

Public managers
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.

Prior to the above, the charges for Transaction Costs were implicit within the value of assets concerned. Consequently, they were not charged directly to the Fund Account nor analysed in Note 8 of these financial statements. Instead, they were reflected in the fair value adjustments applied both to the assets concerned and the Fund Account. They included Stamp Duty, Commissions and Levies and for the year-ending 31 March 2016 amounted to £6,498,000.

Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £3,189,000 for 2016/17 (£5,787,000 2015/16).

The CIPFA Code of Practice (and guidance related to the Code) does not require 'bid-offer spread' to be reported as a transaction cost.

Management Costs

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.

31March 2016 £000		31 March 2017 £000
19,551	Private market and alternative investments (performance related)	23,457
27,554	Private market and alternative investments (non-performance related)	36,183
2,021	Indirect investment property	5,030
49,126		**64,670**

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. The assets in 2015/16 consisted of investment properties (see Note 11) and a unit trust (valued at £47,665,000). During 2016/17 the unit trust was sold.

31 March 2016 £000		31 March 2017 £000
86,400	Greater Manchester Property Venture Fund	35,260

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 2016 £000		31 March 2017 £000

138,641	Index linked	127,001
112,999	Cash	72,348
1,288	Other investment balances	1,239
0	Inflation funds	29,422
252,928		**230,010**

14. Summary of managers' portfolio values at 31 March

2016			**2017**	
£m	**%**		**£m**	**%**
		Externally managed		
6,104	36.6%	UBS Global Asset Management	7,804	36.7%
5,679	34.7%	Legal & General	6,278	29.5%
2,210	12.8%	Capital International	2,829	13.3%
634	2.9%	Investec	1,086	5.1%
653	3.8%	LaSalle	676	3.2%
86	0.5%	GVA (advisory mandate)	35	0.1%
15,366	91.3%		18,708	87.9%
		Internally managed		
1,058	4.1%	Private equity	1,499	7.1%
253	1.6%	Designated funds	201	0.9%
365	1.7%	Property indirect	482	2.3%
283	1.3%	Cash, other investments and net assets	381	1.8%
1,959	8.7%		2,563	12.1%
17,325	**100.0%**	**Total**	**21,271**	**100.0%**

15. Concentration of investment

As at 31 March 2017, GMPF held, respectively, 15.8% and 13.5% 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:-

POLICY MF32950

31 March 2016 £000		31 March 2017 £000
249,864	UK equities	306,057
1,757,288	Overseas equities	1,966,002
289,696	UK fixed interest	341,658
147,018	UK corporate bonds	182,499
72,717	Overseas fixed interest	90,346
217,877	UK Index linked	260,874
181,197	UK cash instruments	222,520
2,915,657		**3,369,956**

POLICY MF36558

31 March 2016 £000		31 March 2017 £000
747,299	UK equities	788,830
1,310,523	Overseas equities	1,358,310
135,035	UK fixed interest	143,760
187,247	UK corporate bonds	187,779
88,646	Overseas fixed interest	93,075
88,334	UK Index linked	93,340
142,035	UK cash instruments	149,756
41,599	Overseas index linked	41,920
22,174	Overseas corporate bonds	21,891
2,762,892		**2,878,661**

Details of any single investment exceeding 5% of GMPF assets in any class or type of security are detailed in the following tables:

Investment	Type and nature of investment	Value as at 31 March 2017	Asset class value at 31 March 2017	% of asset class
		£000	£000	
US Government	Treasury Bonds 0.25% Index Linked January 2025	52,035	514,037	10.12%
US Government	Treasury Bonds 4.5% Index Linked February 2036	129,817	514,037	25.25%
US Government	Treasury Bonds 0.125% Index Linked July 2024	27,588	514,037	5.37%
UK Government	Treasury Bonds 2.5% Index Linked April 2020	127,001	514,037	24.71%
US Government	Treasury Bonds 0.125% Index Linked April 2023	51,025	514,037	9.93%
US Government	Treasury Bonds 1.75% Index Linked January 2028	42,915	514,037	8.35%
US Government	Treasury Bonds 0.125% Index Linked April 2021	60,119	514,037	11.70%
US Government	Treasury Bonds 0.125% Index Linked April 2019	32,686	514,037	6.36%

Investment	Type and nature of investment	Value as at 31 March 2016	Asset class value at 31 March 2016	% of asset class
		£000	£000	
US Government	Treasury Bonds 0.25% Index Linked January 2025	87,326	565,447	15.44%
US Government	Treasury Bonds 0.125% Index Linked April 2017	63,699	565,447	11.27%
US Government	Treasury Bonds 0.125% Index Linked July 2024	45,256	565,447	8.00%
US Government	Treasury Bonds 0.125% Index Linked April 2020	81,606	565,447	14.43%
US Government	Treasury Bonds 0.125% Index Linked April 2023	37,969	565,447	6.71%
US Government	Treasury Bonds 1.75% Index Linked January 2028	48,985	565,447	8.66%
UK Government	Treasury Bonds 2.5% Index Linked April 2020	124,278	565,447	21.98%

16. Notifiable interests

As at 31 March 2017 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2016 %		UK Equity 31 March 2017 %
4.6	Premier Farnell PLC	N/A
6.0	STV Group PLC	6.0
5.4	Chemring Group PLC	5.4
4.9	Darty PLC	N/A
3.9	Mothercare PLC	7.9
3.7	Synthomer PLC	N/A
3.9	Balfour Beatty PLC	3.8
4.3	Brown (N) Group PLC	4.4
4.0	RPS Group PLC	4.0
5.3	TT Electronics PLC	5.3
3.5	Serco Group PLC	3.5
3.2	SIG PLC	5.4
3.4	Volution GRP PLC	3.6

17. Commitments

31 March 2016 £000	Asset type	Nature of commitment	31 March 2017 £000
216	Directly held investment property	Commitments regarding demolition or refurbishment work	2,691
1,036,854	Indirect private equity and infrastructure	Commitments to fund	1,456,171
165,228	Special Opportunities portfolio	Commitments to fund	216,910
126,196	Property managed funds	Commitments to fund	323,416
46,904	Property unit trusts	Commitments to fund	44,424
48,009	Commercial/domestic based property unit trust	Commitments to fund	34,025
6,953	Local Investment 4 Growth fund	Commitments to fund	18,447
106,940	Local Impact Portfolio	Commitments to fund	104,250
2,136	Greater Manchester Property Venture Fund	Commitment to lend	2,783
1,539,436			**2,203,117**

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 £6,238,000 on behalf of GMPF and reclaimed from HMRC VAT (net) of £336,000. Total payments due to Tameside MBC therefore, amounted to £5,902,000 (2015/16 £8,357,000). GMPF reimbursed Tameside MBC £5,280,000 for these charges and there is a creditor of £622,000 owing to Tameside MBC at the year end (2015/16 £578,000 within Creditors). This creditor has been settled since the year end.

There is a proportionate charge made by Tameside Council to GMPF for the services of the Executive Director of Governance, Resources and Pensions who took executive responsibility for GMPF in April 2016 following the retirement of the previous Executive Director of Pensions. This is also the case for the Chief Executive and the Interim Assistant Executive Director of Finance and a contribution towards their cost is included in the recharge as detailed above. They receive no additional salary or remuneration for undertaking this role. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chairman 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 and employer's pension contributions are as shown below:-

Job Title	£
Assistant Executive Director - Investments	93,220
Assistant Executive Director – Administration *	46,610
Assistant Executive Director - Funding & Business Development	93,220
Assistant Executive Director - Local Investment & Property	93,220

**The Assistant Executive Director – Administration left the Authority on 30 September 2016.*

The former Executive Director of Pensions (who left the Authority on 29 April 2016) had his entire full-time remuneration of £9,054 (one month only) charged to GMPF. This amount is also detailed in Tameside MBC's accounts.

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 2016/17	Company in which directorship is held
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Limited Matrix Homes (General Partner) Limited Plot 5 First Street GP Limited Plot 5 First Street Nominee Limited
Neil Charnock	Head of Legal Services	Hive Bethnal Green Limited
Patrick Dowdall	Assistant Executive Director - Local Investment & Property	Matrix Homes (General Partner) Limited Hive Bethnal Green Limited GLIL Corporate Holdings Limited Plot 5 First Street Nominee Limited Plot 5 First Street GP Limited GMPF UT (Second Unit Holder) Limited Airport City (Asset Manager) Limited
Nigel Driver	Investment Manager	Hive Bethnal Green Limited
Steven Pleasant	Chief Executive	Airport City (General Partner) Limited
Daniel Hobson	Senior Investment Manager	GLIL Corporate Holdings Limited Rock Rail East Anglia (Holdings) 1 Limited Rock Rail East Anglia (Holdings) 2 Limited Rock Rail East Anglia PLC Clyde Windfarm (Scotland) Limited

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 are consequently deferred pensioners.

Name	Position
Cllr K Quinn	Councillor member
Cllr S Quinn	Councillor member
Cllr G Cooney	Councillor member
Cllr J Fitzpatrick	Councillor member
Cllr J Lane	Councillor member
Cllr M Smith	Councillor member
Cllr D Ward	Councillor member
Cllr T Halliwell	Councillor member
Cllr A Stogia	Councillor member
Cllr C Patrick	Councillor member

In addition, the following Members of the Management and Advisory Panels, having attained the appropriate age, are in receipt of pension benefits.

Name	Position
Cllr A Mitchell	Councillor member
Cllr J Taylor	Councillor member
Cllr J Pantall	Councillor member

The following Members of the Management and Advisory Panel and the Local Board are deferred pensioners by virtue of their membership of GMPF in current or previous employments.

Name	Position
Cllr V Ricci	Councillor member
Cllr M Smith	Councillor member
K Allsop	Employee representative

The following Members of the Management and Advisory Panel and the Local Board, by virtue of their membership of GMPF in previous employments and attaining the appropriate age, are in receipt of pension benefits.

Name	Position
J Thompson	Employee representative
F Llewellyn	Employee representative
R Paver	Employer 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 are listed on the next page:

Name	Position & Organisation	Organisation relationship with GMPF
Cllr K Quinn	Director of New Charter Building Company Limited Member of Greater Manchester Combined Authority Director of Great Academies Education Trust Director of Mechanics' Centre Limited Member of the Commission for the New Economy Member of the Police and Crime Panel Non-executive Director of Manchester Airport Group	Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer
Cllr T Halliwell	Member of the Board of North West Employers' Association	Contributing employer
Cllr J Hamilton	Board member of Salix Homes	Contributing employer
Cllr D Ward	Member of General Assembly of University of Manchester	Contributing employer
Cllr J Taylor	Member of Greater Manchester Combined Authority Chairman of Tameside Sports Trust	Contributing employer Contributing employer
Cllr M Smith	Employee of Manchester Working Ltd	Contributing employer
Cllr G Cooney	Employee of Manchester City Council Director of Ashton Pioneer Homes Limited Director of Pioneer Homes Services Limited (subsidiary of Ashton Pioneer Homes Limited) Director of Ashton Pioneer Homes Developments Limited (subsidiary of Ashton Pioneer Homes Limited) Director of Mechanics' Centre Limited Director of New Charter Housing Trust Limited	Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer
Cllr V Ricci	Director of New Charter Homes Limited (subsidiary of New Charter Housing Trust)	Contributing employer
Cllr A Mitchell	Committee Member of Groundwork Organisations	Contributing employer
Cllr J Fitzpatrick	Board Member of Peak Valley Housing Board	Contributing employer
M Rayner	Employee of Manchester City Council	Contributing employer
D Schofield	Employee of Manchester City Council	Contributing employer
R Paver	Employee of Greater Manchester Combined Authority Member of Executive Board of Transport for Greater Manchester Director of Commission for New Economy Director of MIDAS limited Director of Education and Leadership Trust	Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer
A Flatley	Employee of Bolton MBC	Contributing employer
J Hammond	Employee of Bury MBC	Contributing employer
P Herbert	Employee of National Offender Management Service	Contributing employer
C Lloyd	Employee of Tameside MBC	Contributing employer
C Goodwin	Employee of University of Manchester	Contributing employer
P Taylor	Employee of Manchester College	Contributing employer
M Baines	Employee of Association for Public Service Excellence	Contributing employer
K Drury	Employee of University of Manchester	Contributing employer

The administering authority, Tameside MBC, falls under the influence of The United Kingdom Department of Communities and Local Government. GMPF may have significant holdings of UK Government bonds depending on investment decisions

19. Employer related investment

As at 31 March 2017 GMPF had no amounts on short-term loan to any contributing GMPF employer (2016 £9,000,000 to Salford CC and £5,000,000 to Stockport MBC) made as part of its day-to-day Treasury Management activities.

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to ort for commercial use. The main stakeholder at Airport City being Manchester Airport Group - a contributing employer to the Fund.

GMPF has formed a joint venture with Manchester City Council, a contributing employer to the GMPF, known as Matrix Homes, to develop residential property for both sale and to rent, at sites across Manchester.

20. Contributions received and benefits paid during the year ending 31 March

Contributions Received 2016 £m	Benefits Paid 2016 £m		Contributions Received 2017 £m	Benefits Paid 2017 £m
(33)	36	Bolton Borough Council	(32)	39
(20)	26	Bury Borough Council	(20)	25
(54)	97	Manchester City Council	(57)	94
(19)	31	Oldham Borough Council	(20)	32
(22)	30	Rochdale Borough Council	(23)	32
(27)	37	Salford City Council	(27)	39
(24)	28	Stockport Borough Council	(24)	31
(20)	32	Tameside Borough Council (administering authority)	(20)	31
(17)	25	Trafford Borough Council	(17)	24
(32)	38	Wigan Borough Council	(32)	40
(197)	205	Other scheme employers *	(211)	209
(131)	120	Admitted bodies *	(130)	130
(596)	**705**		**(613)**	**726**

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2016/17 which will be available at www.gmpf.org.uk, following the GMPF Annual General Meeting in September 2017.

21. Investment Strategy Statement (formerly Statement of Investment Principles) and Funding Strategy Statement

GMPF has published an Investment Strategy Statement (formerly Statement of Investment Principles) and a Funding Strategy Statement. Both documents can be found on its website - www.gmpf.org.uk.

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2016. A copy of the valuation report can be found on the GMPF website –

http://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf

The funding policy is set out in the Funding Strategy Statement (FSS) dated March 2017. The key funding principles are as follows:

- to ensure the long-term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure that employers are aware of the risks and the potential returns of the investment strategy;
- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- to try to maintain stability of employer contributions;
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Tax payer, from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

The valuation revealed that GMPF's assets, which at 31 March 2016 were valued at £17,325 million, were sufficient to meet 93% of the present value of promised retirement benefits earned. The resulting deficit was £1,371 million.

The key financial assumptions adopted for the 2016 valuation were:

	31 March 2016	
Financial Assumptions	**% p.a. Nominal**	**% p.a. Real**
Discount rate	4.20%	2.10%
Pay Increases *	2.20% / 2.90%	0.1% / 0.8%
Price Inflation/Pension increases	2.10%	-

** A salary increase assumption of 2.2% p.a. was adopted for the Metropolitan Borough Councils, National Probation Service and the Police and Crime Commissioner. For all other employers a salary increase assumption of 2.9% p.a. was used.*

The liabilities were assessed using an accrued benefits method that takes into account pensionable membership up to the valuation date. It also makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

23. Stocklending

GMPF's custodian, J P Morgan, is authorised to release stock to third parties under a stocklending agreement. Under the agreement, GMPF does not permit J P Morgan to lend UK or US equities.

At the year end the value of stock on loan was £141.1 million (31 March 2016: £89.1 million) in exchange for which the custodian held collateral at fair value of £147.6 million (31 March 2016: £93.4 million), which consisted exclusively of UK, US, and certain other government bonds.

24. AVC Investments

GMPF provides an Additional Voluntary Contributions (AVC) scheme for its contributors, the assets of which are invested separately from GMPF. Therefore, these amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).

The scheme provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

Contributions paid	£8,165,863
Units purchased *	1,552,801
Units sold *	1,403,476
Fair value as at 31 March 2017	**£70,559,781**
Fair value as at 31 March 2016	£70,710,313

" Unit-linked funds only

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2016/17 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.

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 2016/17.

Financial Assumptions

31 March 2016 % p.a.	Year ended:	31 March 2017 % p.a.
2.20%	Inflation/pension increase rate	2.40%
3.50%	Salary increase rate	2.50%
3.50%	Discount rate	2.60%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.1 years
Future pensioners*	23.7 years	26.2 years

* future pensioners are assumed to be currently aged 45

Commutation

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

Value of promised retirement liabilities

31 March 2016 £m		31 March 2017 £m
23,051	Present value of promised retirement benefits	27,345

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

31 March 2016			31 March 2017	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)	Change in assumptions at year ended 31 March	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
7%	1,614	0.5% increase in the	8%	2,188

		Pension Increase Rate		
4%	922	0.5% increase in the Salary Increase Rate	2%	547
3%	692	1 year increase in member life expectancy	3%	820
11%	2,536	0.5% decrease in Real Discount Rate	10%	2,735

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.