Tameside Metropolitan Borough

Statement of Accounts

2010/11

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

Opinion on the Authority accounting statements

I have audited the accounting statements of Tameside Metropolitan Borough Council (MBC) for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Tameside Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Executive Director of Finance and auditor

As explained more fully in the Statement of the Executive Director of Finance's Responsibilities, the Executive Director of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me 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 accounting statements sufficient to give reasonable assurance that the accounting 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 Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Tameside Metropolitan Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007.

Opinion on the pension fund accounting statements

I have audited the pension fund accounting statements for the year ended 31 March 2011 under the Audit Commission Act 1998. The pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Tameside Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Executive Director of Finance and auditor

As explained more fully in the Statement of the Executive Director of Finance Responsibilities, the Executive Director of Finance is responsible for the preparation of the pension fund’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me 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 accounting statements sufficient to give reasonable assurance that the accounting 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 fund’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the pension fund's accounting statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

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

Authority's responsibilities

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

Auditor's responsibilities

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

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself 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 2011.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Tameside Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of Tameside Metropolitan Borough Council and Greater Manchester Pension Fund in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

MARK HEAP

Mark Heap,

District Auditor 29 September 2011
Officer of the Audit Commission

Audit Commission, 2nd Floor, Aspinall House, Aspinall Close, Middlebrook, Bolton, BL6 6QQ

Explanatory Foreword and Financial Summary

This section identifies and briefly explains each part of the document and includes an overview by the Executive Director of Finance on the Council's financial performance during 2010/11.

Explanatory Foreword & Financial Summary

The following pages present Tameside Council's Accounts for the financial year ended 31 March 2011. By producing this report, the Council aims to give all interested parties – electors, local residents, Council Members, partners, stakeholders and others - confidence that the public money that has been received and spent has been properly accounted for and that the financial standing of the Council is secure.

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

1) The basis of the accounts;
2) The purpose of the various statements included in the 2010/11 accounts;
3) The main changes to the accounts for 2010/11 compared to 2009/10;
4) Financial Performance in 2010/11;
5) Developments during 2010/11;
6) 2011/12 and future years.

It should be noted that although the Statement of Accounts is produced annually, the Senior Officers of the Council and the Members of the Council receive quarterly financial reports throughout the year on overall performance against budget within the year for both revenue and capital budgets which are also published on the website. The Medium Term Financial Strategy, which sets out the financial plan for the current year and the next three years, is also updated throughout the year and reported formally to both Officers and Members 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.

1) The basis of the accounts

The accounts that follow have been prepared to be:

a) **Relevant**: The accounts provide information about the Authority'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, rather than their formal legal character;
- Is free from deliberate or systematic bias;
- Is free from material error;
- Is complete within the bounds of materiality; and
- Has been prudently prepared.

c) **Comparable**: In addition to complying with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting (CIPFA LASAAC December 2010; "the Code") Best Value Accounting Code of Practice, this code 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.

2) The 2010/11 Accounting Statements

The 2010/11 accounting statements have been prepared to comply with the requirements of the International Financial Reporting Standards (IFRS). This is the first year in which councils have been required to prepare fully IFRS compliant accounts (2009/10 accounts were a transition year with partial compliance with IFRS). The changes to statements formats and the treatments of certain items are set out below.

a. The Core Financial Statements

Movement in Reserves Statement

This statement sets out the movements in the main reserves and balances of the Council and how these explain the movement from the opening position for the year to the closing position. For the purpose of the transition to IFRS reporting, this statement shows the movement across two financial years for this year only. Future years will only show one financial year.

This statement shows that Tameside MBC’s usable reserves at the start of the year were £119.17m, changing by £4.16m during the year, to give a closing level of reserves of £115.01m.

The General Fund balances in 2010/11 reduced by £1.46m.

Comprehensive Income and Expenditure Statement

This account sets out the Council’s day to day revenue income and expenditure on all services during 2010/11 and shows how the net cost has been financed from government grant and local taxpayers.

This statement shows that Tameside MBC spent £472.94m on services, but after income is included this figure is reduced to £107.18m, representing the net cost of services. Once other proper adjustments are taken into account together with council tax income and government grants the overall position for the year is a surplus of £63.24m.

Balance Sheet

The Balance Sheet summarises the financial position of the Council at the 31 March 2011. It includes balances and reserves, and all liabilities and assets employed in the Council’s operations.

This statement shows that Tameside MBC has long term assets (mainly land and buildings) with carrying values in the accounts of £759m. There were also a variety of current assets and both long term and current liabilities at year end, giving a net worth of the Council’s assets and liabilities, calculated in terms of the accounting policies, of £467m. This is represented in the financing statement at the foot of the Balance Sheet in terms of usable and unusable reserves.

Cash Flow Statement

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

b. Other Supplementary Financial Statements

Collection Fund

This account is maintained separately, as a statutory requirement, to show the transactions of the Council as Billing Authority in relation to National Non-Domestic Rates and Council Tax. It records how the income from these sources has been distributed to Precepting Authorities and the Council's General Fund.

This shows that the balance to carry forward as at 31 March 2011 was £0.71m relating to Council Tax, with an in year deficit of £0.07m.

Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

At the winding up of the Greater Manchester County Council in 1986, some accumulated debt remained outstanding. This was then legally transferred to the successor councils, including Tameside. The debt will be fully redeemed in 2022. The accounts for GMMDAF are included in the Statement of Accounts for Tameside 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 2011 is £177.5m, 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.

Greater Manchester Pension Fund

The accounts of the Pension Fund are included in the Statement of Accounts for Tameside Council because the Council administers the pension fund. The Fund is administered separately from the Council and has independent governance arrangements.

This shows the net assets of the fund were £11,012.41m as at 31 March 2011, with an increase of £567.65m during the financial year.

c. Accompanying Statements Included in the 2010/11 Accounts

The purpose of the various statements included in the 2010/11 accounts is set out below.

The Statement of Responsibilities for the Statement of Accounts

This Statement sets out the respective responsibilities of the Authority and the Chief Financial Officer (Executive Director of Finance) for the accounts.

The Independent Auditor's Statement

This is the Independent Auditor's Report to Tameside Council including the 'conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources'. Note this statement is not available for the pre-audit accounts.

The Annual Governance Statement

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

3) The Main Changes to the Accounts for 2010/11 Compared to 2009/10

The Council's accounts for the financial year 2010/11 have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2010 ('the Code'). This specifies the principles and practices of accounting required to prepare a Statement of Accounts which presents fairly the financial position and transactions of a Local Authority. There have been a number of changes in requirements since the 2009/10 accounts were prepared. The major changes are outlined below. The format of the core statements has also changed as set out above (items previously included separately as recognised gains and losses are now included in the Comprehensive Income and Expenditure Statement, and items previously included in the Statement of Movements in the General Fund Balance are now included in the Movements in Reserves Statement). Accounting policies are now included as note 1 rather than a separate statement.

Employee benefits accrual

This adjustment reflects the value to the authority of staff annual leave planned to be taken during the year but not yet taken. This is therefore an obligation on future years, either as a payment in lieu of leave or as additional leave to be taken in future years. This is a calculation change affecting the disclosed amount of staff expenditure. Staff of the Council have different leave years, beginning in the month of their birthdays. This ensures leave is taken evenly throughout the year. The value of this accrual was £3.83m (Short Term Creditors).

Leases

The basis of calculation of lease values has changed slightly, as has the presentation. The division into operating and finance leases is still the same as in previous accounts but the analysis of liabilities has been adjusted.

Pension liability

The previous accounts were reported in line with Financial Reporting Standard 17 (FRS17). This figure, which represents the estimated future burden of current liabilities, has a tendency to fluctuate depending on the assumptions used by the actuary in calculating the estimated future liability to the Council of the current pension rights accrued by staff. The IFRS equivalent to FRS17 is IAS19. The calculation has changed, but more importantly it is now required to disclose the estimation basis being used and that rationale for choosing it and the possible impact of alternative bases of estimation. This is dealt with more fully in the Note 54 on pension liabilities. Calculated using the IAS 19 basis, liabilities are estimated to have fallen from £359m to £138m in 2010/11.

Non-current Assets

In the past, a single building and all the elements of it would have been classed as a single asset. Depreciation (the amount by which the value of the asset is reduced) would therefore have been calculated by considering the remaining life of the asset and the most recent valuation of it.

IFRS requirements now ask that all buildings are separated into the key elements or ‘significant components’ – for example, the building, the roof, and the heating system. Each of these will have a different current value and remaining life, resulting in a different amount calculated for the depreciation for the year. Despite being a time-consuming change, this is perhaps a better indication of the value of the Council’s assets that has been consumed during the year in the course of delivering services. This particular policy only applies prospectively i.e. from when a component is replaced or created. The Council has thus had to adopt a policy on:

- What is a material asset
- What is a significant component

Government Grants and Contributions

Capital grants were previously written off to the service revenue accounts in instalments over the life of the asset. Revenue grants were held on the Balance Sheet as a Receipt in Advance and recognised in the Income and Expenditure Account when the associated expenditure was incurred.

Under IFRS Capital Grants are recognised in the Comprehensive Income and Expenditure Statement in the year they are received, unless they have a ‘condition’ attached that is outstanding.

Where a ‘condition’ is outstanding the grant or contribution will be held as a Capital/Revenue Grant Receipt in Advance. The grant or contribution will be put through the Comprehensive Income & Expenditure Statement once the ‘condition’ has been met.

Capital Grants recognised in the Comprehensive Income & Expenditure Statement are transferred through the Movement in Reserves Statement and either posted to the Capital Grants Unapplied account if they have not been applied, or to the Capital Adjustment Account if they have been applied.

Revenue Grants where no condition exists are recognised in the Comprehensive Income and Expenditure Statement. Revenue grant income not applied in year has been transferred to a reserve to fund future revenue expenditure.

4) Financial Performance in 2010/11 and the outlook for the future

a. Corporate Strategy

The Council has a clear hierarchy of strategy documents which is set out in the Corporate Plan 2011-14. The Council has a vision for the borough (to reduce inequality and improve quality of life of people in the borough) which is shared with the Local Strategic Partnership through the Sustainable Community Strategy.

The Sustainable Community Strategy sets out the aims for the future of Tameside. The aims are:

- A Safe Tameside: We want Tameside to be a place where everyone feels safe and secure, where crime and antisocial behaviour rates are low and continue to fall, and where people have respect for each other now and in the future;

- A Prosperous Tameside: We want Tameside to be a place where more and better jobs are available for everyone, local people are able to access these jobs and where new and established businesses can flourish;

- A Learning Tameside: raising educational achievement and learning opportunities We want Tameside to be a place where expectations and achievements are raised in schools, through exams and in other ways, so that young people have the best possible start in life and also that people in Tameside continue to improve their skills as adults;

- An Attractive Tameside: We want Tameside to be a place that is clean, green and an attractive place to be for everyone. We are determined to pass onto future generations a better quality of environment than we inherited;

- Supportive Tameside: We want Tameside to be a place where people get on and look out for each other, and everyone shares in the growing prosperity, so that Tameside is an even better place to live now and in the future;

- A Healthy Population: We want Tameside to be a place where everyone is healthy – both physically and mentally – and feels positive about the future.

The Cabinet recommends to Council precisely which areas receive additional investment and which receive less in line with these priorities. This process culminates in the annual Budget Report where the savings to be achieved in order to balance the budget are set out. The same principles are applied to the formulation of the capital programme.

Business Plans for each Service Area and Service Units also identify the priorities for that area, and each action is linked to a Sustainable Community Strategy aim or Corporate Governance. The business plans identify individual actions, ensuring that there is a connection between the work of individual staff or teams and the aims of the Sustainable Community Strategy. The way in which the Council's key priorities fit together are set out in the Corporate Plan and Guide to Corporate and Business Planning.

Corporate and Service planning to support overall strategy

The Corporate Plan, together with service business plans, provides a service planning structure that translates the priorities and aims of overall Council policy and strategy into measurable actions at the point of service delivery. This process is set out in the Council's Guide to Corporate and Business Planning, and is reflected in the Medium Term Financial Strategy.

More information on the activities, 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.

b. Reporting Financial Performance

Financial performance is reported to Councillors quarterly throughout the year. Additionally, the Medium Term Financial Strategy, and the rolling 3 year budget plan it contains, is updated throughout the year. This is also reported to Councillors. Both reports are also available to the public via the Tameside MBC website.

The Comprehensive Income and Expenditure Statement sets out the cost of services that the Council provides in accordance with the requirements of published accounts. This external report does not completely align to the way in which financial information is managed within the organisation during the year. Therefore, set out below is the 2010/11 financial position in accordance with the Directorate structure under which the Council operates and the final financial monitoring information that has been presented to officers and Members.

The Council operates a system of ‘cash limits’ described as ‘expenditure limits’. Items ‘inside’ this limit are regarded as controllable costs and service managers are required to work within these set budgetary limits. Items ‘outside’ this limit are regarded as less controllable and are therefore managed centrally. Items outside the limit include, for example, capital finance charges and benefits payments (as the Council does not determine eligibility or levels of payment but only applies rules set out by the Government).

c. Revenue Performance

In February 2010, the Council agreed its original 2010/11 budget which included net revenue expenditure of £207.83m. After taking into account known funding to be received from the Government, this which equated to a Council Tax Band D of £1,168.76 for Council services, spread across a tax base of 66,108.3 Band D equivalent homes.

The Amounts Reported for Resource Allocation Decision, Note 17, demonstrates how the reported position last year reconciles to the Statement of Accounts 2010/11.

It should be noted that the Council also budgeted for and received other Government revenue grants although, as this nets out the cost of this expenditure, it is not included in the net revenue budget presentation. The most significant of these grants is the Dedicated Schools Grant. The Council received £130.98m. This funding was passed across entirely to local schools, together with a variety of other specific funds.

Revenue expenditure supported the delivery of services to local residents during the year, including providing care and safeguarding vulnerable children and adults, improving educational outcomes, providing cultural services within the borough such as libraries and museums, supporting a range of environmental functions such as planning, waste collection, car parking management, highways management, and district assemblies, as well as a small corporate function to provide legal, financial and other support.

	Revised Budget £000	**Outturn £000**	**Variation £000**
Economy and Environment	81,826	81,153	(673)
Services for Children and Young People	66,571	66,477	(94)
Community Services	72,870	71,807	(1,063)
Executive/Corporate Services	24,283	22,006	(2,277)
Capital, Financing, and other costs	(33,137)	(35,104)	(1,967)
Total	**212,413**	**206,339**	**(6,074)**

The Council had a surplus against the budget of £6.07m at the end of the financial year. There were a number of variances at the yearend but these were issues that had been previously reported to Members.

The recurrent themes in the overall surplus relate to spending restraint during the year as the Council addressed and made the difficult choices necessary to manage the impact of the Government's deficit reduction policies, and early progress towards achieving the savings targets for future years (largely through an accelerated programme of service reviews).

d. Capital Investment

The Council spends money on capital projects in accordance with the definition of capital expenditure as in the Local Authorities (Capital Finance and Accounting) Regulations 2003. This relates to spending on assets that have a life of more than one year.

The Council spent £77.51m on its capital programme in 2010/11 which is shown in the table below by Directorate area. The financing of the capital programme is also presented and shows that the major funding source was £61.93m from government grants and contributions.

The Capital Investment Programme was reviewed during the course of the year in light of reduced resources to ensure that it continued to focus on delivering corporate objectives. As can be seen from the list of completed schemes, the capital programme makes a considerable impact on the lives of people in Tameside.

	£m
Capital expenditure during 2010/11	
Services for Children and Young People	53.73
Economy and Environment	19.60
Executive / Corporate Services	2.08
Community Services	2.10
Total	**77.51**
Funded by	
Borrowing	9.02
Government or other grants or other contributions	61.93
Receipts from the sale of capital assets	1.19
Use of reserves, use of revenue funding	5.37
Total	**77.51**

The capital programme is made up of a large number of individual projects which it is impracticable to list. The most significant projects and spending areas in 2010/11 are set out below, together with the corporate priority objectives that they relate to.

Learning Environment

- **Mossley Hollins** – the first 750 place BSF high school was completed on time and in budget on 28 February 2011. The scheme is financed through the Private Finance Initiative and will include a 25 year facilities management and lifecycle investment programme. The £20m, 5 storey new building has state of the art facilities throughout and outstanding external facilities.

- **St Damian's** – is the second BSF PFI high school to be completed, also on time and on budget. The design of the school takes inspiration from classical architecture. The £18m investment has provided the school with exceptional internal and external facilities which will also be open to the community.

Prosperous Society:

- **St Petersfield** – Building work has begun at Tameside College's innovation and business incubation centre at St Petersfield. The project is being delivered through a public / private sector partnership, with £14.5m of North West Development Agency, Homes and Communities Agency and European Regional Development Fund funding, already committed to the development. The building is due to be completed later in 2011.

- **Ashton Northern By-Pass** – The road construction and car park works have progressed well since their commencement in January 2011 and the period of dry weather in April was particularly helpful. The first phase surfacing works to this section were carried out on programme in early May. The Bypass is expected to be open to traffic in early 2012.

Attractive Borough

- **Stamford Park** is currently undergoing a major restoration project which will enhance the park for local people. The project will conserve the best of the park's Victorian heritage whilst providing modern new facilities including a new Pavilion building, water feature and infrastructure. This project has been made possible through a combination of internal and external funding: £1.2m of internal capital funding has brought in a further £4m of grant aid from the Heritage Lottery Fund.

- The **Playbuilder** scheme, originally funded through the Department for Children, Schools, and Families provided Tameside Council with £1.0m over three years for the redevelopment of playgrounds across the Borough. In 2010/11 10 play areas were redeveloped. This investment has enabled us to provide a wide range of play equipment for different ages and abilities and to ensure that we have a legacy of high quality play areas for our children and young people. The project is now almost complete with all budget allocated and the final few sites currently under redevelopment.

Healthy Population

- The £3.1m **Ken Ward Sports Centre** development opened to the public in May 2010 and is managed on behalf of the Council by the Tameside Sports Trust.

- The £0.75m **Tameside Cycle Circuit**, the first of its kind in Greater Manchester, has been jointly funded with a £0.30m contribution from British Cycling. The facility is operated by a management committee made up of volunteers and requires no ongoing revenue support from the Council. The scheme was completed within budget.

Supportive Communities

- **Mottram Cemetery** – The cemetery was originally opened in 1861 and further extended in 1990. To meet future demands for burials in Mottram, Hattersley and Broadbottom, the site has been further extended and improved.

Safe Environment

- **Designing Out Crime** – Partnership interventions and alleygating have been used to significantly reduce crime in specific locations. This will save money for the Council and for other agencies (e.g. the police) as well as creating a safer and stronger environment for people to live in.

- **Retaining Walls** – Works on the retaining wall major maintenance project continued in 2010/11. Additional designs have been developed and tender documentation prepared for the remaining schemes to be completed on site in the financial year 2011/12.

e. Year End Balances

	General Fund £000s	Schools (ISB) £000s
General Balances as at 1 April 2010	36,945	5,780
Contributions to balances	6,074	3,521
Planned contribution from balances	(7,536)	0
General Balances as at 31 March 2011	**35,483**	**9,301**

i) General Fund

The surplus against budget has enabled the Council to increase General Fund balances by £6.07m. However, planned contributions from balances of £7.54m offset this to create a net decrease in balances during the year. It should be noted that much of the surplus within the year is planned to be deployed during 2011/12, either as work programmes are completed later than originally planned, or as savings generated in 2010/11 are used to contribute to or help achieve 2011/12 savings targets.

The overall amount of General Fund and School Balances held by the Council at 31 March 2011 is £44.78m and a proportion of this is required for revenue and capital investment support in future years.

ii) Schools

Individual schools can carry forward a surplus or deficit and in total schools balances increased by £3.52m from £5.78m at 31 March 2010 to £9.301m at 31 March 2011.

f. Pensions Liability

Calculated using the IAS 19 basis, liabilities are estimated to have fallen from £359m to £138m in 2010/11. This reduction is mainly due to inflation factors being changed from RPI to CPI. Other factors affecting this reduction include better than expected returns on assets and increasing real rate of return offset by increased longevity.

g. Collection Fund

The Collection Fund is maintained separately from the Council's General Fund specifically to record income and expenditure associated with Council Tax and National Non Domestic Rates. At the end of 2010/11, the Collection Fund accumulated balance was £0.71m which is a decrease from the accumulated balance at the end of 2009/10.

h. Council Borrowing

The authorised limit for external debt for the Council for 2010/11 was £271.90m. The actual level of outstanding debt at the yearend totalled £160.02m. The Balance Sheet shows that at 31 March 2011, the Council had £157.03m of long term borrowing. The majority of this borrowing is from the Public Works Loan Board (PWLB), these loans have fixed rates and varying maturity dates from 1-2 years to more than 15 years. The Council also has debt in the form of Lender Option Borrower Option (LOBO) market loans totalling £41.69m. In addition there was £2.99m of loans repayable within 12 months. The Council paid £8.93m (£10.31m including PFI) of interest and similar charges in year and received £1.78m of interest and investment income.

i. Post Balance Sheet Event (PBSE)

The IFRS require the disclosure of the date that the financial statements were authorised for issue and therefore the date after which events will not have been recognised in the Statement of Accounts. This date was agreed as 30 June 2011 in respect of the preparation of the draft 2010/11 Statement of Accounts. There have been no adjusting post Balance Sheet events.

5) Developments during 2010/11

The following information sets out developments in 2010/11, which had an influence on the financial position of the Council.

a. Internal activity and external pressures

Emerging external pressures

It was widely known from summer 2009 that the deficit reduction policies of any new Government would have profound implications for the whole public sector. This would be additional to existing local pressures (e.g. around planning and development income, the collapse in receipts for sales of land and property). These anticipated pressures crystallised by the in-year cuts announcement on ABG, the '50 day budget', the Comprehensive Spending Review (CSR), the Local Government Financial Settlement, and now the Local Government Resources Review (LGRR). The funding cuts have been faster and harsher than many anticipated and little or no mitigation of the impact has been offered by Government, but the extent is much in line with this Council's planning, which took a prudent outlook early on as the basis of its financial planning.

Existing internal efficiency strategies

In the years before 2010, it was already recognised by the Council that the expanding scope of Local Government's responsibilities and the increasing weight of demand were outstripping the funding available. An ongoing search for better ways of working and more efficient ways to provide services was therefore already in hand – for example, partnerships, earlier intervention, working with the third sector, cross AGMA collaboration.

Responses to new external pressures

As the external financial context has become clearer, existing plans for service review and redesign on the basis of service transformation have been accelerated, and schemes to support the voluntary exit of staff were put in place. At the same time, a spending restraint was exercised to restrict all new commitments and this was put in place as part of a response to the in-year ABG cuts; analysis and impact assessment of the CSR and Local Government financial settlement outcomes during autumn 2010 and winter 2010/11 led to early planning for significant funding reductions in 2011/12 and for further cuts in 2012/13. Corporate financial management has considered the position across the whole of the planning period and sought consistent responses across it all, and sought to manage increasing level of financial risk by taking early actions to secure the necessary savings. This strategy essentially means trying to stay a year ahead.

Discussion and consultation

Planning discussions included senior officers and members from winter 2009/10 and throughout 2010/11. There was ongoing review of the MTFS during 2010/11 to ensure financial stability in the medium term. Ongoing dialogues were further developed with staff and other stakeholders over the extent of the funding reduction and the Council's responses to it.

2010/11 outturn in context

The overall expenditure less than budget secured for 2010/11 must therefore be seen as part of the wider response of the Council to the identified financial pressures identified in the Medium Term Financial Strategy. Almost all of this balance will be carried forward into the new financial year as part of a planned process led by service areas to achieve their savings targets. The surplus indicates how far service redesigns within the Council have already progressed.

Impact of voluntary severance.

It should be noted that this report covers the period during which around 1 in 4 staff voluntarily left their employment with the Council. The cost of this is included within the Comprehensive Income and Expenditure Statement and the supporting notes. The benefit will be seen from 2011/12 as staffing costs within the Council are significantly reduced.

b. Service Reviews

Service reviews are the main vehicle by which the council will achieve savings. Service reviews focus on key parts of the services delivered by the Council and seek to transform the way that services are delivered. Particular emphasis is given to reducing duplication between services, and considering services from the point of view of the recipient of the service rather than from the point of view of the Council. In this way significant changes to budgets have already been made during 2010/11 and this programme will continue into 2011/12. Examples of existing changes include shifting the emphasis of adult care away from a reactive approach which deals with older adults as they become less independent to helping older residents to remain independent for as long as possible. This has the duel impact of meeting residents' wishes more effectively whilst also reducing the cost to the Council. It has not been an easy process, but it has transformed the service and achieved national acclaim.

c. Retirement Benefits

The Council is required to include information on retirement benefits within the Statement of Accounts which must now be in accordance with the IAS19 (the International equivalent of FRS17). This sets out the treatment of pensions and other forms of retirement benefits.

The majority of staff who work for the Council are members of the Greater Manchester Pension Fund (GMPF). Tameside MBC administers this fund on behalf of the ten Greater Manchester Councils. The most recent report from the Actuary was based on estimated figures of the next 20 years and stated that the Fund's liabilities were more than its assets. This figure takes into account the future obligations to existing staff as well as the ongoing obligation to current pensioners. It calculates that the Council's net liability was £137.9m at 31 March 2011 compared with £359.2m at 31 March 2010.

This is a massive change and has profoundly affected the calculated net worth of the authority. This change is due to several key changes to the underlying assumptions:

- Liabilities
    - Generally more favourable economic outlook (favourable impact);
    - Use of CPI rather than RPI inflation indices (favourable impact);
    - Increased life expectancy (adverse impact);
    - Increased real discount rate therefore assuming higher future inflation (favourable impact).
- Assets
    - Better than anticipated returns through the year (favourable impact).

The statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy and the deficit on the fund will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary. It should be noted that the pension fund's accounts have still to be audited so the figures upon which these accounts have been based might be subject to change.

While the pension liability is an important figure in the Balance Sheet, its volatility reflects ongoing uncertainty in this area. If the figure is excluded from the Balance Sheet (where it appears as both a credit under long term liabilities and a debit under the unusable reserves), the Balance Sheet can be seen to be more stable, with growth chiefly attributable to increases in non-current assets arising from capital investment:

	2008/09 £m	**2009/10 £m**	**2010/11 £m**
Net Worth			
Net assets per Balance Sheet	405.4	224.3	463.4
Pension liability	139.4	359.2	137.9
Net worth excluding pension liability	**544.8**	**583.5**	**601.3**

Teachers employed by the Council are members of the Teachers Pension Scheme and it is not possible for the Council to identify its share of the underlying liabilities. Further detail in relation to retirement benefits can be found at Note 53, Pensions Schemes Accounted for as Defined Contribution Schemes, to the Core Financial Statements.

d. Manchester Airport PLC

Tameside MBC, together with the other nine Greater Manchester Authorities is a shareholder in Manchester Airport PLC. During 2009/10, all ten Councils agreed to restructure various long-term loans that had been made to the Airport to finance capital expenditure, the benefit to the Councils being that a higher coupon rate is receivable. As a consequence of this change, the loans to the

Airport that were previously classed as secured loans have become unsecured loans, although this is considered to carry minimal risk. The loan agreement expires in 2055.

While the share held in the Airport is a valuable one, the return on that investment is currently around 6% and so vastly exceeds the returns being made on other commercial investments or bank deposits. Additionally, this share enables the Council to influence important economic developments around the site of the Airport. This is all the more important given the recent announcement by the Government that an enterprise zone will be created around Manchester airport to attract and foster new businesses and to promote growth in the region.

6) 2011/12 and Future Years

The following outlines key developments in 2011/12 that are likely to influence the environment in which Tameside MBC operates.

a. Local Government Resource Review.

The terms of reference for this review were published in May 2011. It is now expected that the consultation will be released by CLG in July. This is a highly significant event for this Council. A key element in the terms of reference will be the relocalisation of business rates. This affects different councils in different ways, but indicates a potential risk to Tameside MBC of up to £35m (if not mitigated), effective from 2013/14. The Council's MTFS currently takes account of this risk at the greatest level. Future year's savings target may be reduced if equalisation mechanisms are implemented by the Government.

b. Council Tax benefit funding reductions.

Similarly to the Local Government Resource Review, the Government has announced that it will localise and cease fully funding Council Tax Benefit from 2013. The impact of this on Tameside MBC will depend on the level of benefit being claimed, but if the funding is reduced by 10% as currently indicated this will create a potential further pressure on the council of around £2m.

c. Dedicated Schools Grant.

Proposals put forward by the Government may mean that, in future, the DSG will not be passed to schools via local councils but rather paid direct to the schools. However, the detail of these proposals has not yet been published.

d. Medium Term Financial Strategy for 2011/12 and future savings targets

Taking into account the items set out above, as well as other pressures on the Council, a rolling 3 year financial plan has been prepared. This indicates the level of savings anticipated to be required. To address the very different level of savings between years, it has been agreed that the Council's planning strategy will be to seek to achieve early, the savings forecast to be due in 2013/14, by bringing those targets forward to 2012/13. This will be reviewed during the course of the year as more information becomes available.

As was the case in 2010/11, the Council continues to plan for worst case outcomes and so the levels of future savings required will be held under review as further details emerge of the proposed changes outlined above.

e. Manchester City Region Combined Authority

As a result of an agreement reached between the ten Greater Manchester Councils and Central Government the Combined Authority will take over arrangements for the coordination of a range of policy issues including economic development and regeneration for Greater Manchester, assume responsibility for determining skill needs with a statutory Employment and Skills Board and have responsibility for the exercise of new powers and function for the prioritisation of transport investment.

Further Information

Further information about these accounts is available from the Executive Director of Finance, Tameside Council. Feedback from the users of financial information is always welcomed, so if you require further clarification or information about any of the items included in the accounts, please contact me at the address below. The full Statement of Accounts is available on the Council website. A Summary of the Accounts will be circulated for stakeholder comment and consultation after that date. Interested Members of the public have a statutory right for 20 working days to inspect the accounts before the audit is completed. For 2010/11 the inspection date will start on 4 July 2011 and the appointed day for raising queries with the External Auditors will be 1 August 2011.

Acknowledgements

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

Signed: Date: 30 June 2011

P. J. Williams

P. Williams
Executive Director of Finance

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

0161 342 3863

Statement of Responsibilities

This is a signed statement by the Executive Director of Finance certifying that the accounts comply with requirements and 'present a true and fair view' of the Council's financial position as at 31 March 2011.

The Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority 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 Authority, that officer is the Executive Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the audited Statement of Accounts.

The Executive Director of Finance's Responsibilities

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

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

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

The Executive Director of Finance has also:

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

EXECUTIVE DIRECTOR OF FINANCE'S CERTIFICATE

I certify that the audited statement of accounts presents a true and fair view of the financial position of Tameside MBC and Greater Manchester Pension Fund at 31 March 2011, and its income and expenditure for the year ended 31 March 2011.

Signed: Date: 26 September 2011

P. J. Williams

P. Williams
(Executive Director of Finance)

Approval of the accounts

In accordance with the Accounts and Audit Regulations 2011, I certify that the Statement of Accounts was considered and approved by the Audit (Overview) Panel 26 September 2011.

Signed: Date: 26 September 2011

Cllr. V. Ricci
(Chair of Audit Overview Panel)

Statement of Assurance

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

The Statement of Assurance for the Statement of Accounts

Statement of Assurance

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

During 2010/11 we have maintained strong Corporate Governance arrangements by reviewing and updating several key plans/policies, protocols and systems, for example:

- Constitution;
- Annual Governance Statement;
- Corporate Plan 2011-14.

In the Annual Audit and Inspection Letter (presented to the Council's Audit Panel by the Audit Commission in December 2010), the District Auditor made the following highly positive comments:

- That the Council continues to manage its finances in an effective manner to deliver value for money and that existing practices have been sustained and developed.

- That the Council has continued to govern itself in a highly effective manner, commissioning services that provide value for money and deliver better outcomes for local people.

- That the Council has maintained its highly effective arrangements for managing its natural resources, physical assets and workforce to meet current and future needs and deliver value for money.

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

Signed:

Dated: 30 June 2011

Councillor K. Quinn
Executive Leader of Tameside MBC

Dated: 30 June 2011

S. Pleasant
Chief Executive of Tameside MBC

On behalf of the members and senior officers of Tameside MBC

Core Financial Statements

Core financial statements are applicable to all local authorities whatever their function and comprise:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Movement in Reserves Statement as at 31 March 2011

	Note	General Fund Balances £000	School Balances £000	Earmarked Reserves £000	Capital Receipts Unapplied Account £000	REFCUS Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2009		**(39,522)**	**(6,424)**	**(38,188)**	**0**	**(761)**	**(13,527)**	**(98,422)**	**(306,989)**	**(405,411)**
Movement in reserves during 2009/10										
(Surplus) or deficit on the provision of services		(25,763)	0	0	0	0	0	(25,763)	0	(25,763)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	206,933	206,933
Total Comprehensive Income and Expenditure		**(25,763)**	**0**	**0**	**0**	**0**	**0**	**(25,763)**	**206,933**	**181,170**
Adjustments between accounting basis & funding basis under regulations	**38**	19,305	0	0	0	(2,128)	(23,735)	(6,558)	6,558	0
Net Increase/Decrease before Transfers to Earmarked Reserves		**(6,458)**	**0**	**0**	**0**	**(2,128)**	**(23,735)**	**(32,321)**	**213,491**	**181,170**
Transfers to/from Earmarked Reserves	**39**	9,679	0	(9,679)	0	0	0	0	0	0
Other Appropriations		(644)	644	0	0	0	11,571	11,571	(11,571)	0
(Increase) / Decrease in Year		**2,577**	**644**	**(9,679)**	**0**	**(2,128)**	**(12,164)**	**(20,750)**	**201,920**	**181,170**
Balance at 31 March 2010 carried forward		**(36,945)**	**(5,780)**	**(47,867)**	**0**	**(2,889)**	**(25,691)**	**(119,172)**	**(105,069)**	**(224,241)**
Movement in reserves during 2010/11										
(Surplus) or deficit on the provision of services		(63,241)	0	0	0	0	0	(63,241)	0	(63,241)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	(179,515)	(179,515)
Total Comprehensive Income and Expenditure		**(63,241)**	**0**	**0**	**0**	**0**	**0**	**(63,241)**	**(179,515)**	**(242,756)**
Adjustments between accounting basis & funding basis under regulations	**38**	47,641	0	0	0	191	(4,123)	43,709	(43,709)	0
Net Increase/Decrease before Transfers to Earmarked Reserves		**(15,600)**	**0**	**0**	**0**	**191**	**(4,123)**	**(19,532)**	**(223,224)**	**(242,756)**
Transfers to/from Earmarked Reserves	**39**	13,541	0	(13,541)	0	0	0	0	0	0
Transfers to/from Other Reserves		0	0	0	0	99	(99)	0	0	0
Other Appropriations		3,521	(3,521)	0	0	5	23,689	23,694	(23,694)	0
(Increase) / Decrease in Year		**1,462**	**(3,521)**	**(13,541)**	**0**	**295**	**19,467**	**4,162**	**(246,918)**	**(242,756)**
Balance at 31 March 2011 carried forward		**(35,483)**	**(9,301)**	**(61,408)**	**0**	**(2,594)**	**(6,224)**	**(115,010)**	**(351,987)**	**(466,997)**

Comprehensive Income and Expenditure Statement

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement for the year ended 31 March 2011

Restated 2009/10 Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	2010/11 Gross Expenditure £000	Gross Income £000	Net Expenditure £000
21,078	(22,021)	(943)	Central services to the public		20,502	(16,129)	4,373
48,717	(9,524)	39,193	Cultural, environmental, regulatory and planning services		54,875	(17,149)	37,726
243,259	(193,430)	49,829	Education and children's services		253,023	(197,477)	55,546
15,021	(3,041)	11,980	Highways and transport services		16,728	(4,794)	11,934
91,372	(86,641)	4,731	Other housing services		99,297	(89,649)	9,648
89,426	(33,183)	56,243	Adult social care		92,970	(39,680)	53,290
0	0	0	Exceptional Costs of Equal Pay Settlements (Creation of Provision)	**33**	8,010	0	8,010
0	0	0	Exceptional Costs of Pensions Changes	**53**	(78,700)	0	(78,700)
5,704	(764)	4,940	Corporate and democratic core		6,218	(875)	5,343
1,600	0	1,600	Non distributed costs		14	0	14
516,177	**(348,604)**	**167,573**	**Cost Of Services**		**472,937**	**(365,753)**	**107,184**
			Other Operating Expenditure				
24	0	24	Parish council precepts		25	0	25
23,195	0	23,195	Levies		25,211	0	25,211
6	0	6	Payments to the Government Housing Capital Receipts Pool		9	0	9
0	0	0	(Gain)/loss and derecognition on disposal of non current assets	**18**	27,927	(252)	27,675
			Financing and Investment Income and Expenditure				
8,401	0	8,401	Interest payable and similar charges		8,932	0	8,932
1,503	0	1,503	PFI interest payable		1,377	0	1,377
856	0	856	Interest element of finance leases (lessee)		509	0	509
12,000	0	12,000	Pensions interest cost and expected return on pensions assets	**53**	8,100	0	8,100
0	(2,997)	(2,997)	Interest and investment income		0	(1,780)	(1,780)
0	0	0	Interest received on finance leases (lessor)		0	0	0
3,354	(2,639)	715	Inc and exp in relation to investment properties and changes in their fair value	**13**	5,786	(2,624)	3,162
9,176	(9,782)	(606)	(Surpluses)/deficits on trading undertakings not included in Cost of Services	**12**	7,102	(7,704)	(602)
			Taxation and Non-Specific Grant Income				
0	(76,308)	(76,308)	Council tax income		0	(77,690)	(77,690)
0	(83,207)	(83,207)	Non domestic rates		0	(92,122)	(92,122)
0	(36,219)	(36,219)	Non-ringfenced government grants	**8**	0	(34,594)	(34,594)
0	(40,699)	(40,699)	Capital grants and contributions	**8**	0	(38,637)	(38,637)
		(25,763)	**(Surplus) or Deficit on Provision of Services**				**(63,241)**
			(Surplus) or deficit on revaluation of non current assets				
		(7,480)	Revaluation gains				(29,645)
		413	Revaluation losses (chargeable to revaluation reserve)				2,030
			Actuarial (gains) / losses on pension assets / liabilities				
		214,000	Matching the entry to the pensions reserve				(151,900)
		206,933	**Other Comprehensive Income and Expenditure**				**(179,515)**
		181,170	**Total Comprehensive Income and Expenditure**				**(242,756)**

The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

Balance Sheet as at 31 March 2011

1 April 2009 £000	31 March 2010 £000		Note	31 March 2011 £000	31 March 2011 £000
		Property, Plant & Equipment	18		695,269
495,935	509,484	Land and Buildings		514,226	
8,195	9,432	Vehicles, Plant and Equipment		8,133	
69,736	73,831	Infrastructure		77,814	
2,300	5,238	Community Assets		8,690	
13,052	32,233	Assets Under Construction		77,853	
14,839	9,150	Surplus Assets		8,553	
44,232	43,265	Investment Properties	19		38,578
157	440	Intangible Assets	20		1,422
10,224	10,223	Long Term Investments	22		10,224
11,715	13,171	Long Term Debtors	23		13,724
670,385	**706,467**	**Long Term Assets**			**759,217**
61,130	53,941	Cash & Cash Equivalents	28		21,762
51,308	55,296	Short Term Investments	24		61,071
527	646	Inventories	26		558
34,800	36,940	Short Term Debtors	27		37,930
13	2	Assets Held for Sale	21		0
147,778	**146,825**	**Current Assets**			**121,321**
(2,991)	(2,108)	Cash & Cash Equivalents	28		(4,189)
(12,946)	(16,911)	Short Term Borrowing	24		(2,985)
(47,639)	(56,858)	Short Term Creditors	29		(51,761)
0	0	Provisions	33		(8,010)
(775)	(409)	Short Term Finance Leases	35		(171)
(213)	(215)	PFI Finance Leases	36		(890)
0	(3,197)	Capital Grants & Contributions Receipts In Advance			(37)
(64,564)	**(79,698)**	**Current Liabilities**			**(68,043)**
(174,188)	(157,660)	Long Term Borrowing	24		(157,034)
(10,298)	(11,084)	Other Long Term Liabilities	30		(10,375)
(5,775)	(3,506)	Provisions	33		(3,463)
(15,280)	(15,065)	Long Term Finance Leases: PFI	36		(34,059)
(3,247)	(2,838)	Long Term Finance Leases: Other	35		(2,667)
(139,400)	(359,200)	Liability Related to Defined Benefit Pension Scheme	53		(137,900)
(348,188)	**(549,353)**	**Long Term Liabilities**			**(345,498)**
405,411	**224,241**	**Net Assets**			**466,997**
		Usable Reserves			(115,010)
(39,522)	(36,945)	General Fund		(35,483)	
(6,424)	(5,780)	Schools Balances	10	(9,301)	
(38,188)	(47,867)	Earmarked Reserves	39	(61,408)	
0	0	Capital Receipt Unapplied Account	31	0	
(13,527)	(25,691)	Capital Grants & Other Contributions Unapplied	31	(6,224)	
(761)	(2,889)	REFCUS Reserve	31	(2,594)	
		Unusable Reserves			(351,987)
(78,509)	(82,706)	Revaulation Reserve	32	(103,454)	
139,400	359,200	Pensions Reserve	32	137,900	
(364,739)	(379,571)	Capital Adjustment Account	32	(383,281)	
(437)	(110)	Deferred Capital Receipts	32	(66)	
(1,033)	(821)	Financial Instruments Adjustment Account	32	(610)	
(573)	(675)	Collection Fund Adjustment Account	32	(608)	
4,604	5,316	Short Term Accumulating Compensated Absences Account	32	3,834	
(5,702)	(5,702)	Holding in Manchester Airport Plc	47	(5,702)	
(405,411)	**(224,241)**	**Total Reserves**			**(466,997)**

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Cash Flow Statement (Indirect Method) as at 31 March 2011

31 March 2010 £000		Note	31 March 2011 £000
(25,763)	Net (surplus) or deficit on the provision of services		(63,241)
8,391	Adjust net surplus or deficit on the provision of services for non-cash movements		30,304
(19,872)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(19,698)
(37,244)	Net cash flows from Operating Activities	**40**	(52,635)
63,298	Investing Activities	**41**	66,506
(19,748)	Financing Activities	**42**	20,389
6,306	Net (increase) or decrease in cash and cash equivalents		34,260
58,139	Cash and cash equivalents at the beginning of the reporting period		51,833
51,833	**Cash and cash equivalents at the end of the reporting period**		**17,573**

Notes to the Core Financial Statements

The notes to the core financial statements are shown together, as required by the International Financial Reporting Standards, after the core financial statements.

Contents for Notes to the Core Statements

1. Transition from SORP to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement and reclassification of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10, which was prepared on a Statement of Recommended Practice (SORP) basis.

The following table explains the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

a. Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required. The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Short Term Creditors until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the changes shown in the transition Balance Sheet and transition Comprehensive Income and Expenditure Statement.

b. Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the council is the lessee) will be unchanged. Where the council is the lessor, the regulations allow the council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

Adoption of IFRS accounting has also required a re-evaluation of leases to consider whether they are operating leases (the same as rentals) or finance leases (the same as a loan) under IAS 17 and SIC 15 which places more emphasis on substance over legal form. As a consequence a number of Property, Transport and equipment leases previously treated as operating leases have been re-categorised as finance leases. As a result of the recategorisation the 2009/10 accounts have been amended as shown in the transition Balance Sheet and transition Comprehensive Income and Expenditure Statement.

c. Government grants

Under the Code, grants and contributions for revenue are only recognised as a liability where there is a condition attached. If there is no condition they are to be set aside in reserves for the purpose they were intended to be spent on. Previously if not spent they were recognised as a liability.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as shown in the transition Balance Sheet and the transition Comprehensive Income and Expenditure Statement:-

Under the Code, grants and contributions for capital schemes are recognised as income in the Revenue Statements provided no conditions attach to the grant. Previously, capital grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund. Capital Grants with an outstanding condition will be recognised as a liability.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as shown in the transition Balance Sheet and the transition Comprehensive Income and Expenditure Statement.

The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred. The amount which representing grants with no conditions has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet. The remainder of the Government Grants Deferred Account has been transferred to Creditors.

Some of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

Grants received but not applied in 2009/10 have been credited to the Comprehensive Income and Expenditure Statement in 2009/10 and hence credited to the Grants Unapplied Account.

There is no change to the General Fund Balance as a consequence of changes to treatment of Government Grants under the Code, as capital grant income is transferred out of the General Fund under both the previous and the current accounting policies.

d. Non Current Assets and Assets Held for Sale

The classification of assets previously categorised as *Tangible Fixed Assets* have been changed by IFRS. In addition the accounting treatment of revaluation, impairment and depreciation of certain asset categories have been changed with retrospective effect. The main categories, their definitions and changes in accounting treatment are tabulated below.

New asset category	Definition	Change in accounting treatment
Investment property	Under IAS 40 and IPSAS 16 Only assets held solely for the purpose of income generation or capital appreciation are now shown in investment property. Assets which fulfil a service delivery function as well as income earning are classified as Property, Plant and Equipment.	• Assets are not depreciated. • No Revaluation Reserve held: o Revaluation gains and losses of the year pass through Comprehensive Income and Expenditure Account o Cumulative revaluation gains at 31 March 2009 are written off to the Capital Adjustment Account
Assets Held for Sale	Under IFRS 5, Criteria include: • Asset is being actively marketed at a reasonable price • Disposal is expected within the following 12 months • The sale is highly probable	• Asset is categorised as a current asset • Asset is not depreciated • Asset is valued at lower of market value or book value at point of categorisation as Held for Sale
Property Plant and Equipment	Under IAS 16 and IPSAS 17, Comprises all Tangible Fixed assets other than Investment Property and Assets Held for Sale. Includes Surplus assets that do not meet the classification of held for sale.	All revaluations of PPE are now dealt with initially through the revaluation reserve. Reductions in value will only be taken to the Comprehensive Income and Expenditure Statement if and when any surplus on the revaluation reserve reaches a nil balance.

There is no change to the General Fund Balance, as the impact of Impairment investment revaluations are reversed in the Movement in Reserves Statements.

e. Transition to International Financial Reporting Standards

The Authority 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 Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the ‘Code’) and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

In order to prepare the accounts in accordance with International Financial Reporting Standards (IFRS) the authority has restated the Balance Sheet as at 31 March 2009 and 31 March 2010 and the 2009/10 Comprehensive Income and Expenditure Statement.

The table shown at (a) below demonstrates the adjustments made for the transition from the Statement of Recommended Practice (SORP) Balance Sheet as at 31 March 2009 to the International Financial Reporting Standards (IFRS) Balance Sheet as at 31 March 2009.

The table shown at (b) below demonstrates the adjustments made for the transition from the Statement of Recommended Practice (SORP) Balance Sheet as at 31 March 2010 to the International Financial Reporting Standards (IFRS) Balance Sheet as at 31 March 2010. The adjustment figures provided in the table are also inclusive of the transition adjustments for 2009/10 to show the full transition.

The table shown at (c) demonstrates the movement from the Income and Expenditure account in accordance with the SORP to the Comprehensive Income and Expenditure statement in accordance with IFRS together with the required adjustments to complete the transition.

Table a

TRANSITION BALANCE SHEET FROM SORP COMPLIANT AT 31 MARCH 2009 TO IFRS COMPLIANT AT 1 APRIL 2009

		IFRS TRANSITION ADJUSTMENTS								
	Balance Sheet as at 31/03/2009 (SORP Compliant)	Short Term Accumulating Compensated Absences	Government & Non-Government Grants	Fixed Assets	Leased In - Transport	Leased In - Property	Leased In - Other	Cash & Cash Equivalents	Other Re-classification	Re-stated IFRS as at 01/04/2009
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Long Term Assets										
Property, Plant and Equipment										
- Land and Buildings	**485,551**			7,854		2,530				**495,935**
- Vehicles, Plant and Equipment	**6,770**				1,379		46			**8,195**
- Infrastructure	**69,736**									**69,736**
- Community Assets	**1,846**			454						**2,300**
- Assets Under Construction	**13,052**									**13,052**
- Surplus Assets				14,839						**14,839**
Investment Property	**42,498**			1,734						**44,232**
Intangible Assets	**157**									**157**
Surplus Assets Held for Disposal	**22,725**			(22,723)						**2**
Assets Held for Sale (>1 year)	**0**									**0**
Long Term Investments (including net pension asset)	**10,224**									**10,224**
Long Term debtors	**11,715**									**11,715**
Current Assets										
Short Term Investments	**105,904**							(54,596)		**51,308**
Assets Held for Sale (<1 year)	**0**			11						**11**
Inventories	**527**									**527**
Short Term Debtors	**34,800**									**34,800**
Cash and Cash Equivalents	**6,534**							54,596		**61,130**
Current Liabilities										
Cash and Cash Equivalents	**(2,991)**									**(2,991)**
Short Term Borrowing	**(12,946)**									**(12,946)**
Short Term Creditors	**(43,035)**	(4,604)								**(47,639)**
Short Term Finance Leases					(714)	(4)	(57)			**(775)**
PFI Finance Leases	**(213)**									**(213)**
Capital Grants Receipts in Advance	**0**									**0**
Long Term Liabilities										
Long Term Borrowing	**(174,188)**									**(174,188)**
Other Long Term liabilities	**(10,298)**									**(10,298)**
Provisions	**(5,775)**									**(5,775)**
Long Term Finance Leases PFI	**(15,280)**									**(15,280)**
Long Term Finance Leases Other					(590)	(2,657)				**(3,247)**
Net Pensions Liability	**(139,400)**									**(139,400)**
Government Grants and Other Contributions Deferred	**(64,714)**		64,714							**0**
Capital Grants and Other Contributions Unapplied	**(14,288)**		14,288							**0**
	328,911	**(4,604)**	**79,002**	**2,169**	**75**	**(131)**	**(11)**	**0**	**0**	**405,411**
Usable Reserves										
- General Fund	**(39,522)**									**(39,522)**
- Schools Balances	**(6,424)**									**(6,424)**
- Earmarked Reserves	**(38,188)**									**(38,188)**
- Capital Receipt unapplied account	**0**									**0**
- Capital Grants and Other Contributions Unapplied	**0**		(13,527)							**(13,527)**
- REFCUS Reserve	**0**		(761)							**(761)**
Unusable Reserves										
- Revaluation Reserve	**(84,673)**			6,164						**(78,509)**
- Pensions Reserve	**139,400**									**139,400**
- Capital Adjustment Account	**(291,759)**		(64,714)	(8,333)	(75)	131	11			**(364,739)**
- Deferred Capital Receipts	**(437)**									**(437)**
- Financial Instruments Adjustment Account	**(1,033)**									**(1,033)**
- Collection Fund (0809)	**(573)**									**(573)**
- Collection Fund Adjustment Account	**0**									**0**
- Unequal Pay Back Pay Account	**0**									**0**
- Short Term Accumulating Compensated Absences Account	**0**	4,604								**4,604**
- Holding in Manchester Airport Plc	**(5,702)**									**(5,702)**
	(328,911)	**4,604**	**(79,002)**	**(2,169)**	**(75)**	**131**	**11**	**0**	**0**	**(405,411)**

Table b

TRANSITION BALANCE SHEET FROM SORP COMPLIANT AT 31 MARCH 2010 TO IFRS COMPLIANT AT 31 MARCH 2010

			IFRS TRANSITION ADJUSTMENTS 2009/10								
	Balance Sheet as at 31/03/2010 (SORP Compliant)	IFRS Transition Adjustments @ 31/03/2009	Short Term Accumulating Compensated Absences	Government & Non-Government Grants	Fixed Assets	Leased In - Transport	Leased In - Property	Leased In - Other	Cash & Cash Equivalents	Other Re-classifications	Balance Sheet as at 31/03/2010 IFRS Compliant)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Long Term Assets											
Property, Plant and Equipment											
- Land and Buildings	**494,481**	10,384			4,650		(31)				**509,484**
- Vehicles, Plant and Equipment	**8,838**	1,425			0	(785)		(46)			**9,432**
- Infrastructure	**73,831**										**73,831**
- Community Assets	**5,238**	454			(454)						**5,238**
- Assets Under Construction	**32,233**										**32,233**
- Surplus Assets		14,839			(5,689)						**9,150**
Investment Properties	**47,096**	1,734			(5,565)						**43,265**
Intangible Assets	**440**										**440**
Surplus Assets Held for Disposal	**15,715**	(22,723)			7,008						**0**
Long Term Investments	**10,223**										**10,223**
Long Term debtors	**13,171**										**13,171**
Current Assets											
Short Term Investments	**102,086**	(54,596)							7,806		**55,296**
Assets Held for Sale (<1 year)	**0**	11			(9)						**2**
Inventories	**646**										**646**
Short Term Debtors	**36,940**										**36,940**
Cash and Cash Equivalents	**7,151**	54,596							(7,806)		**53,941**
Current Liabilities											
Cash and Cash Equivalents	**(2,108)**										**(2,108)**
Short Term Borrowing	**(16,911)**										**(16,911)**
Short Term Creditors	**(51,542)**	(4,604)	(712)								**(56,858)**
Short Term Finance Leases		(775)				309		57			**(409)**
PFI Finance Leases	**(215)**										**(215)**
Capital Grants Receipts in Advance	**0**			(3,197)							**(3,197)**
Long Term Liabilities											
Long Term Borrowing	**(157,660)**										**(157,660)**
Other Long Term liabilities	**(11,084)**										**(11,084)**
Provisions	**(3,506)**										**(3,506)**
Long Term Finance Leases PFI	**(15,065)**										**(15,065)**
Long Term Finance Leases Other	**0**	(3,247)				405	4				**(2,838)**
Net Pensions Liability	**(359,200)**										**(359,200)**
Government Grants and Other Contributions Deferred	**(88,520)**	64,714		23,806							**0**
Capital Grants and Other Contributions Unapplied	**(31,778)**	14,288		17,490							**0**
	110,500	**76,500**	**(712)**	**38,099**	**(59)**	**(71)**	**(27)**	**11**	**0**	**0**	**224,241**
Usable Reserves											
- General Fund	**(36,945)**										**(36,945)**
- Schools Balances	**(5,780)**										**(5,780)**
- Earmarked Reserves	**(47,867)**										**(47,867)**
- Capital Receipt unapplied account	**0**										**0**
- Capital Grants and Other Contributions Unapplied	**0**	(13,527)		(12,164)							**(25,691)**
- REFCUS Reserve	**0**	(761)		(2,128)							**(2,889)**
Unusable Reserves											
- Revaluation Reserve	**(88,530)**	6,164			(340)						**(82,706)**
- Pensions Reserve	**359,200**										**359,200**
- Capital Adjustment Account	**(283,270)**	(72,980)		(23,807)	399	71	27	(11)			**(379,571)**
- Deferred Capital Receipts	**(110)**										**(110)**
- Financial Instruments Adjustment Account	**(821)**										**(821)**
- Collection Fund Adjustment Account	**(675)**										**(675)**
- Unequal Pay Back Pay Account											**0**
- Short Term Accumulating Compensated Absences Account		4,604	712								**5,316**
- Holding in Manchester Airport Plc	**(5,702)**										**(5,702)**
	(110,500)	**(76,500)**	**712**	**(38,099)**	**59**	**71**	**27**	**(11)**	**0**	**0**	**(224,241)**

Table c

TRANSITION COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FROM SORP COMPLIANT FOR THE YEAR ENDED 31 MARCH 2010 TO IFRS COMPLIANT FOR THE YEAR ENDED 31 MARCH 2011

	SORP			Short Term Accumulated Absences			Fixed Assets			Finance Leases			Government & Non-Government Grants			Other Re-classifications			IFRS		
Gross expenditure, income and net expenditure of continuing operations	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Central services to the public	44,367	(22,087)	22,280	59		59	(153)		(153)			0		66	66	(23,195)		(23,195)	21,078	(22,021)	(943)
Cultural, environmental, regulatory and planning services	48,970	(10,278)	38,692	69		69	(112)		(112)	(210)		(210)		754	754			0	48,717	(9,524)	39,193
Education and children's services	242,771	(194,583)	48,188	488		488		(87)	(87)			0		1,240	1,240			0	243,259	(193,430)	49,829
Highways and transport services	15,480	(3,041)	12,439	19		19			0	(560)		(560)			0	82		82	15,021	(3,041)	11,980
Other housing services	91,525	(87,159)	4,366	6		6	(159)		(159)			0		518	518			0	91,372	(86,641)	4,731
Adult social care	89,355	(33,205)	56,150	71		71			0			0		22	22			0	89,426	(33,183)	56,243
Corporate and democratic core	5,704	(764)	4,940			0			0			0			0			0	5,704	(764)	4,940
Non distributed costs	1,600	0	1,600			0			0			0			0			0	1,600	0	1,600
Cost Of Services	**539,772**	**(351,117)**	**188,655**	**712**	**0**	**712**	**(424)**	**(87)**	**(511)**	**(770)**		**(770)**	**0**	**2,600**	**2,600**	**(23,113)**	**0**	**(23,113)**	**516,177**	**(348,604)**	**167,573**
Other Operating Expenditure																					
Parish council precepts			24			0			0			0			0			0			24
Levies			0			0			0			0			0			23,195			23,195
Payments to the Government Housing Capital Receipts Pool			6			0			0			0			0			0			6
Gain/loss on disposal of non current assets			0			0			0			0			0			0			0
Financing and Investment Income and Expenditure																					
Interest payable and similar charges			8,401			0			0			0			0			0			8,401
PFI interest payable			1,503			0			0			0			0			0			1,503
Interest element of finance leases (lessee)			0			0			0			856			0			0			856
Pensions interest cost and expected return on pensions assets			12,000			0			0			0			0			0			12,000
Interest and investment income			(2,997)			0			0			0			0			0			(2,997)
Interest received on finance leases (lessor)			0			0			0			0			0			0			0
Inc and exp in relation to investment properties and changes in their fair value			0			0			1,055			0			0			(340)			715
(Surpluses)/deficits on trading undertakings not included in Net Cost of Services			(864)			0			0			0			0			258			(606)
Taxation and Non-Specific Grant Income																					
Council tax income			(76,308)			0			0			0			0			0			(76,308)
Non domestic rates			(83,207)			0			0			0			0			0			(83,207)
General government grants			(36,219)			0			0			0			0			36,219			0
Non-ringfenced government grants			0			0			0			0			0			(36,219)			(36,219)
Capital grants and contributions			0			0			0			0			(40,699)			0			(40,699)
(Surplus) or Deficit on Provision of Services			**10,994**			**712**			**544**			**86**			**(38,099)**			**0**			**(25,763)**
Surplus or deficit on revaluation of non current assets																					
- Revaluation gains			(6,584)			0			(896)			0			0			0			(7,480)
- Revaluation losses (chargeable to revaluation reserve)			0			0			413			0			0			0			413
Actuarial gains / losses on pension assets / liabilities			214,000			0			0			0			0			0			214,000
- Matching the entry to the pensions reserve																					
Other Comprehensive Income and Expenditure			**207,416**			**0**			**(483)**			**0**			**0**			**0**			**206,933**
Total Comprehensive Income and Expenditure			**218,410**			**712**			**61**			**86**			**(38,099)**			**0**			**181,170**

2. Accounting Policies

General Policies

The Authority 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 Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the 'Code') and the Best Value Accounting Code of Practice 2010/11, 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 Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011.

Fundamental Principles

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

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

Statutory and other guidance

These Accounts have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2010 (The Code):* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced from 2010/11. The financial statements for prior periods have also been restated to comply with these new standards and ensure valid comparatives are applied.

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

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

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

Changes in estimated values

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

Prior 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.

Non-Current Assets – Tangible Assets

Recognition

All expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis in the Accounts. Expenditure is capitalised, provided that the asset yields benefits to the authority, for a period of more than one year, and it meets the accepted definition of capital expenditure in line with IAS 16 Property, Plant and Equipment. This excludes expenditure on routine repairs and maintenance which is charged direct to service Revenue Accounts. A deminimus level of £1,000 has been adopted by the Council in relation to capital expenditure.

Measurement

Non-current assets are initially measured at cost, comprising all expenditure directly attributable to bringing the asset into working condition for its intended use. Non-current assets are valued on the basis required by the Code and in accordance with the Appraisal and Valuation Standard issued by The Royal Institution of Chartered Surveyors (RICS). Land and Property valuations are carried out by qualified members of the RICS and certified by the Estates and Valuation Service Unit Manager – Kevin Aspin MRICS.

The only exception to our valuation policy relates to land at Manchester Airport. This is included in the Balance Sheet based on a valuation provided by the Manchester City Council's Valuer in 2010/11 based on the market value of this land.

Non-current assets are classified into the groupings required by the Code with assets being valued on the following basis:-

- Land and Buildings are included in the Balance Sheet at fair value in their existing use, net of any subsequent depreciation.

- Vehicles, Plant and Equipment are carried at historic cost net of any depreciation.

- Investment properties which are held for income or capital appreciation purposes only are valued at the fair market value.

- Assets Held for Sale are defined as non-current assets which are marketed for sale and it is expected that a sale will occur within a 12 month period from the accounting date. These assets are valued at the lower of the carrying fair value on the classification as assets held for sale or the expected sale proceeds less cost of disposal.

- Assets surplus to service requirements are those assets that do not fall into any of the prior categories and are valued at fair value.

- Infrastructure assets, (mainly roads), are included in the Balance Sheet at historical cost, net of depreciation.

- Financial Assets represented by loans and receivables are carried in the Balance Sheet at amortised cost basis i.e. principal amount adjusted for any interest payable / receivable at the yearend date.

- The Council's 5% shareholding in Manchester Airport PLC represents shares transferred to Tameside MBC on the demise of Greater Manchester County Council at nil cost (as opposed to cash purchases). The shares are shown in the Balance Sheet at their original cost price less any impairment.

Revaluation

Revaluation of property is undertaken on at least a five year "rolling programme". A desk top valuation exercise can take place more frequently, however, if the valuer believes that market changes within the year are more significant then an interim valuation will be undertaken. Investment properties are reviewed 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 (CIES). Gains arising from the revaluation of investment properties are not held within a revaluation reserve.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of this reserve's formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movement in the valuations of properties do not impact upon the General Reserve and are not a charge or credit to council tax levies.

Disposal

Receipts from the disposal of non-current assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written off 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 off is appropriated to the Capital Adjustment Account, the capital receipt to the Usable Capital Receipts Reserve, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the revaluation reserve are transferred to the Capital Adjustment Account.

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

Investment Properties

Investment properties are included in the Balance Sheet at Fair Market Value.

Intangible Assets

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

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

Depreciation

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

- In accordance with the Best Value Accounting Code of Practice, 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 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 remaining useful economic life may vary considerably from property to property (between 2 – 70 years).

- 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 'income and expenditure in relation to investment properties and changes in their fair value' line 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 off to the Capital Adjustment Account via the Movement in Reserves Statement. Where the non-current assets have been re-valued the current value depreciation will be higher than the historic cost depreciation, this increased depreciation charge is written out against the revaluation reserve with an offsetting entry to the Capital Adjustment Account.

Charges to Revenue

a. Charges to service areas
Service Revenue Accounts, Support Services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets throughout the year:-

- depreciation attributable to the assets used by the relevant service;
- impairment and revaluation losses attributable to non-current assets used by the service in excess of the balances held in the revaluation reserve; and
- amortisation of intangible assets attributable to the service;

b. Charges not attributable to services
Changes in the Fair Value of Investment Properties.

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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 authority does not control the economic benefits arising from this expenditure.

Impairments

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

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

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

Capital Receipts

Capital receipts arising from the sale of non-current assets are credited to the Comprehensive Income and Expenditure Statement and appropriated to the Capital Receipts Unapplied Account through the Movement in Reserves Statement.

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

Redemption of Debt (Minimum Revenue Provision)

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

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

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure the Council's policy will be to adopt the existing practice (4% of capital financing requirement) outlined in the former DCLG regulations. From 1 April 2009 for all unsupported borrowing, the Councils MRP policy will also be based on the estimated life of the asset, in accordance with the proposed regulations and will be applied for any expenditure capitalised under a Capitalisation Directive.

Debtors and Creditors

The revenue and capital accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31st March 2011.

Government Grants and other contributions

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

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

Area Based Grant (ABG) is a general grant allocated by Central Government directly to local authorities as additional revenue funding. ABG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

VAT

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

Leases

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

Embedded Leases

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

Private Finance Initiative (PFI) and Service Contracts.

PFI contracts are fixed-term agreements whereby the Council receives a service from a PFI contractor and the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. These non-current assets are deemed to be owned by the Council because:

- the Council control the services that are provided under its PFI schemes for the duration of the fixed-term contract; and

- ownership of the non-current assets pass to the Council at the end of the contract for no additional charge.

If the PFI arrangement meets the above two criteria, it is the Accounting Policy of the Council to carry the non-current assets used under this type of contract onto its Balance Sheet. In addition the Council recognises a liability for amounts due to the PFI operator to pay for those assets for the duration of the PFI Contract.

The non-current assets associated with PFI Contracts, which are recognised on the Balance Sheet are depreciated and revalued in the same way as all other non-current assets directly owned by the Council.

The amounts payable to the PFI contractor on an annual basis for the provision of services are referred to as Unitary Charges. The Unitary Charge is split into the following elements:

- payment for the provision of day-to-day services during the year. These are charged to the relevant BVACOP service headings in the Comprehensive Income and Expenditure Statement;

- payment towards reducing the liability associated with the cost of the asset. This is included within the annual Minimum Revenue Provision which the Council sets aside to repay external debt and liabilities; and

- interest charges on the outstanding Balance Sheet liability which are charged against Interest Payable in the Comprehensive Income and Expenditure Statement.

Interest Charges and Income

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

Financial Instruments

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

As reflected in the Code, accounting standards on Financial Instruments IAS 32, 39 and IFRS 7 cover the concepts of recognition, measurement, presentation and disclosure. A financial asset or liability should be recognised on 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 10 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 – General Fund Balance. The accounting policy is to charge gains and losses to Net Operating Expenditure in the year of repurchase/settlement.

Inventories: Stocks, Work in progress, and Stores

Inventories are valued at the lower of cost (including all related overheads) or net realisable value.

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

Allocation of Support Services Costs

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010.

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

- Corporate and Democratic Core costs (as these relate to the Council's status as a multi-functional, democratic organisation).

- Non-Distributed costs (as these are the costs of discretionary benefits awarded to employees retiring early).

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

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

Provisions

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

Provisions are required to be recognised when the local authority has a present obligation, as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

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

Reserves

The Council maintains a General Fund Working Balance and also holds reserves earmarked for specific purposes which are detailed in the Notes to the Core Financial Statements. These reserves together with the Capital Grant Unapplied Reserve are deemed to be distributable reserves, which could be utilised to support future expenditure.

Under arrangements for Local Management of Schools (LMS) budget allocations are made to individual schools at the start of each financial year. Any surplus or deficit against budget allocations is carried forward into the following financial year's budget allocation by way of the schools' balances.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate line in the net cost of services section of the Comprehensive Income and Expenditure Statement for that year. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Non-distributable reserves include the Revaluation Reserve and the Capital Adjustment Account and represent “technical” or “non-cash” reserves. These are maintained to manage the accounting processes for non-current assets and are accounting entries required by the double entry process of accounting rather than tangible cash amounts.

The Pension Reserve is a reserve which has been set up to manage the accounting process for retirement benefits and does not represent usable resources for the Council.

Contingent Assets and Liabilities

Contingent amounts, both assets and liabilities, will be disclosed where they exist and are material to an understanding of the accounts.

A contingent amount is recognised where a present or future economic benefit or obligation may exist but that amount depends (is contingent upon) on the outcome of actions outside the control of the Council – for example, a court case.

Contingent amounts are not accrued in the accounting statements but are disclosed in the notes to the accounts.

Pensions

The pension liabilities of the Council are to be accounted for using IAS 19 principles. Employees of the Council are members of two separate pension schemes:

- The Teachers’ Pension Scheme, administered by Capita Teachers’ Pensions on behalf of the Department for Education.
- The Local Government Pensions Scheme, administered by Tameside MBC via the Greater Manchester Pension Fund on behalf of the 10 Greater Manchester Metropolitan Authorities.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the Teachers’ scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Services for Children and Young People revenue account is charged with the employer’s contributions payable to Teachers’ Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – 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, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 6.9% (based on the gross redemption yield on the Iboxx Sterling Corporate Index).

- The assets of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price.
    - Unquoted securities – professional estimate.
    - Unitised securities – current bid price.
    - Property – market value.

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

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

- **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- **Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.

- **Expected return on assets** – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the 'pensions interest cost and expected return on pensions assets' line within the Comprehensive Income and Expenditure Statement.

- **Gains/losses on settlements and curtailments** – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- **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 – debited to the Comprehensive Income and Expenditure Statement.

- **Contributions paid to the Greater Manchester Pension Fund** – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that in the Movement in Reserves Statement there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. Current retirements are met via employer contributions and historically awarded benefits are met on a pay as you go basis.

Group Accounts

Modified Group accounting requires all local authorities to consider all their interests and to prepare a full set of Group Financial Statements where they have material interests in subsidiaries, associates or joint ventures. After consideration of all the Council's interests, it has been determined that Group Financial Statements are not required for 2010/11.

Presentation of Accounting Statements

The analysis of expenditure in the Comprehensive Income and Expenditure Statement conforms to the service expenditure analysis set out in the Best Value Accounting Code of Practice.

Council Tax Income

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates, called the 'Collection Fund'.

The Code provides guidance on how local authorities account for the Collection Fund. The Billing Authority collects and distributes Council Tax on behalf of itself and other major preceptors such as the Council and National Non-domestic Rates on behalf of the Government. The collection of Council Tax by a billing authority is in substance an agency arrangement, and the cash collected by billing authorities from Council Tax Debtors belongs proportionately to the billing authority and major preceptors

Council Tax income collected by Billing Authorities is credited to the Collection Fund on an annual basis. The amount credited to the General Fund under statute is the Council's precept or demand for the year, plus the authority's share of the surplus (or deficit) on the Collection Fund for the previous year.

The Council's Comprehensive Income and Expenditure Statement now shows the value of accrued Council Tax Income in a financial year rather than the current year's precept plus or minus the previous year's share of each Billing Authority's Collection Fund surplus or deficit.

The difference between accrued precepts received and actual precepts received does not impact on the General Fund or the Revenue Budget of the Council in the year, and is taken to the Collection Fund Adjustment Account in the Balance Sheet and included as a reconciling item in the Movement in Reserves Statement.

The Council also makes provision for the following values in its Balance Sheet at year end:

- Debtor provision for the Council's share of Council Tax arrears;

- Provision for bad debts of Debtors in relation to Council Tax arrears;

- Creditor provision for Council Tax over-payments and pre-payments; and

- Creditor or Debtor provision where the Council has under or over collected Council Tax in-year against what it actually paid over to the preceptors in the year.

Cash and Cash Equivalents

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

Short Term Accumulating Compensated Absences Account

The Council in accordance with IAS 19 makes accruals for short term employee compensated absences such as untaken holiday pay and accumulated flexi time as at the period end. These balances are recognised within short-term creditors and under statutory guidance an offsetting balance is included within the reserves section of the Balance Sheet.

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 Statement of 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 but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

Exceptional Items

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

Acquired and discontinued operations

Where the Council has acquired or discontinued operations during the year, this will be disclosed in the accounts. The basis of measurement of benefits and obligations arising from such transactions will be identified in the same disclosure.

The Council has not acquired or disposed of any such operations during 2010/11.

Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

The new code for the 2011/12 accounts requires the Council to adopt the accounting requirements of Financial Reporting Standard (FRS 30) relating to Heritage assets. This will be fully adopted by the Council in the 2011/12 financial statements.

Heritage assets are:

- owned by the Council;
- held in trust for future generations; and
- have historical, artistic, scientific, geophysical or environmental qualities.

Tameside's Civic Halls, though buildings of great artistic and cultural significance, are still in active use and are classified and valued as operational buildings in the Council's accounts.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgement made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government.

However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Depreciation of 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 will fall.

Property Valuations and Impairment assessments

The Council obtains professional valuations of all its land and property assets in accordance with Accounting Guidance. In practice this is done on a rolling 5 year basis with each asset being valued at least once every 5 years. Before the recession the trend had been upwards but in recent years some assets have reduced in value between valuations, whilst others have increased in value. In the opinion of our valuers, there is no trend that would recommend a general impairment of Council property. If such a trend were to appear this would be reflected by a reduced asset value and a reduction in either the Capital Adjustment Account or the Revaluation Reserve.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. During 2010/11, the actuaries advised that the net pensions liability has reduced as a result of estimates being amended in line with the Chancellors decision in June 2010 to link pension valuations to the CPI (Consumer Price Index) rather than RPI (Retail Price Index). The investment return on the pension fund assets has also increased, which added to the index price change, has resulted in the reduction in Pension Liability for Tameside MBC.

6. Other Operating Expenditure

Details of operating expenditure is included within the Comprehensive Income and Expenditure Statement.

7. Impairment Losses

No impairment losses occurred in 2010/11.

8. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

2009/10 £000		2010/11 £000
	Credited to Taxation and Non-Specific Grant Income	
	Revenue	
(16,658)	Area Based Grant (ABG)	(21,217)
(19,205)	Revenue Support Grant (RSG)	(13,377)
(258)	Local Area Business Growth Incentive Grant (LABGI)	0
(98)	Housing Planning Delivery Grant (HPDG)	0
(36,219)	**Total Revenue**	**(34,594)**
	Capital	
(26,171)	Building Schools for the Future	(15,567)
0	Ashton Northern By Pass	(5,945)
0	Young People Learning Agency	(4,953)
(5,867)	Other Capital Grants	(4,230)
(1,089)	Retaining Walls	(1,568)
(2,345)	Local Transport Plan	(1,500)
0	Modernisation	(1,438)
0	Primary Capital Programme	(1,402)
(2,698)	Devolved Formulae Capital Grant	(1,193)
(377)	Other Contributions	(841)
(2,152)	Regional Housing Pool Capital Grant	0
(40,699)	**Total Capital**	**(38,637)**
(76,918)	**Total credited to Taxation and Non Spec Grant Income**	**(73,231)**

2009/10 £000		2010/11 £000
	Credited to Services	
	Revenue	
(130,997)	Dedicated Schools Grant (DSG)	(130,984)
(14,885)	Standards Fund	(16,875)
(7,806)	Surestart	(9,103)
(5,173)	Other Grants	(8,008)
(6,823)	School Standards Grant	(6,808)
(2,803)	Housing Benefits Administration Grant	(2,497)
0	Social Care Reform	(2,126)
(1,718)	Hattersley PFI Special Grant	(1,718)
(2,347)	Learning Skills Council – School Sixth Forms	(1,501)
(1,428)	Home Office Grants	(1,375)
(1,248)	Adult Pooled Treatment	(1,240)
0	Access and Systems Grant	(1,168)
(1,242)	Post 16 Learning Skills Council	(1,110)
(478)	Rent Rebates	(667)
0	Independent Domestic Violence Advisors Service	(20)
(7,218)	Supporting People	0
(257)	Local Authority Business Growth Incentive Scheme	0
(22)	European Regional Development Fund	0
(184,445)	**Total Revenue**	**(185,200)**
	Capital	
0	Disabled Facilities Grant	(902)
(1,463)	Sure Start	(761)
0	Primary Capital Programme	(650)
0	Building Schools for the Future	(646)
(1,821)	Other Capital Grants	(306)
(281)	Other Contributions	(266)
(3,565)	**Total Capital**	**(3,531)**
(188,010)	**Total credited to Services**	**(188,731)**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

2009/10 £000	Receipts in Advance - Capital Grants and Other Contributions	2010/11 £000
0	Other Capital Grants and Contributions	(37)
(3,197)	Primary Capital Programme	0
(3,197)	**Total**	**(37)**

9. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education which is the Dedicated Schools Grant (DSG). The DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008.

Details of the deployment of the DSG received for 2010/11 is as follows;

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2010/11	15,277	115,707	130,984
Brought forward from 2009/10	0	0	0
Carry forward to 2011/12 agreed in advance	0	0	0
Agreed budgeted distribution in 2010/11	**15,277**	**115,707**	**130,984**
Actual central expenditure	15,277	0	15,277
Actual ISB deployed to schools	0	115,707	115,707
Local Authority contribution for 2010/11	0	0	0
Carry forward to 2011/12 agreed in advance	**0**	**0**	**0**

10. School Balances

The cumulative level of School Balances at the 31 March 2011 amounted to £9.3m.

The tables detailed below provide an analysis of these balances:

2008/09 £000	2009/10 £000		2010/11 £000
8,728	**6,424**	**Balances as at 1 April**	**5,780**
(2,304)	(644)	In year contribution to/from balances	3,521
6,424	**5,780**	**Balances as at 31 March**	**9,301**

The level of gross school balances at 31 March 2011 is represented below:

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
6,765	6,213	Gross level of school balances	9,678
0	546	HM Revenue & Customs - Schools	630
734	173	School Debtors	115
(1,075)	(1,152)	School Creditors	(1,122)
6,424	**5,780**	**Net level of school balances**	**9,301**

The final balances are now reported within the Council's accounts on a gross creditor and debtor basis. Schools pay invoices on a gross basis and reclaim associated VAT from HMRC retrospectively. The specific debtor relating to HMRC relates to VAT due to Tameside schools at 31 March 2011.

The net level of school balances can be analysed further as follows:

Number of Schools	1 April 2009 £000	Number of Schools	31 March 2010 £000		Number of Schools	31 March 2011 £000
84	7,156	78	6,804	Schools with surplus balances	82	9,815
11	(732)	15	(1,024)	Schools with deficit balances	9	(514)
95	**6,424**	**93**	**5,780**	**Net Level of schools balances**	**91**	**9,301**

11. Financing and Investment Income and Expenditure

Details of the financing and investment income and expenditure are included within the Comprehensive Income and Expenditure Statement.

12. Trading Services

The Council operates the following Trading Services in a commercial environment:

2009/10				2010/11		
Turnover £000	**Expenditure £000**	**(Surplus) / Deficit £000**	**Trading Service**	**Turnover £000**	**Expenditure £000**	**(Surplus) / Deficit £000**
1,534	1,671	**137**	Cemeteries & Crematorium	1,618	1,503	**(115)**
890	427	**(463)**	Commercial Refuse Collection	852	376	**(476)**
431	359	**(72)**	Vehicle Maintenance	443	370	**(73)**
5,613	5,526	**(87)**	Civil Engineering	3,763	3,743	**(20)**
330	308	**(22)**	Catering	239	321	**82**
681	534	**(147)**	Community Buildings	517	529	**12**
303	351	**48**	Building Control	272	260	**(12)**
9,782	**9,176**	**(606)**	**Total**	**7,704**	**7,102**	**(602)**

Income and expenditure activity for Markets and Industrial Holdings was previously disclosed under Trading Services and now included within the Note 13 Principal Investment Properties.

13. Principal Investment Properties

2009/10			Service	2010/11		
Turnover £000	Expenditure £000	(Surplus) / Deficit £000		Turnover £000	Expenditure £000	(Surplus) / Deficit £000
(881)	412	(469)	Industrial Holdings	(924)	424	(500)
(1,758)	1,887	129	Markets	(1,700)	1,495	(205)
0	0	0	Revaluation loss on Investment Properties (Industrial Holdings and Markets)	0	5,566	5,566
0	1,174	1,174	Revaluation loss on Investment Properties (other)	0	2,228	2,228
0	(119)	(119)	Revaluation gain on all Investment Properties	0	(3,927)	(3,927)
(2,639)	**3,354**	**715**	**Total**	**(2,624)**	**5,786**	**3,162**

14. Taxation and Non Specific Grant Income

Details of taxation and non specific grant income are included within the Comprehensive Income and Expenditure Statement.

15. Material Items of Income and Expense

As disclosed in the Comprehensive Income & Expenditure Statement, a charge of £8.01m has been incurred in relation to setting up a short term provision, for the future cost of Equal Pay settlements. This is dependent on the outcome of legal proceedings.

Due to a number of employees leaving the authority in 2010/11, liabilities of £9.11m were incurred. They were payable to 672 employees who left the authority as part of a voluntary severance scheme (see also Termination Benefits - Note 49).

The **non distributed costs** line within the Comprehensive Income and Expenditure Statement normally includes pensions past service and curtailment costs, which are the result of increased benefits being paid in the event of pension scheme members retiring early during the year, together with other strictly defined items. Following the Chancellor's budget statement the calculation has changed. The large negative past service cost reported in 2010/11 reflects the change of future annual pension increases being linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). Due to the significant variation between years, the amounts in relation to pensions past service costs have been shown as a separate item on the face of the Comprehensive Income and Expenditure Statement. Further information about post employment (pensions) costs is included in Note 53.

16. Related Parties

The Council is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the potential to control or to be controlled or influenced by the Council. This note sets out details of transactions between related parties and the Council.

Central Government
The Government has effective control over the general operations of the Council. It is responsible for providing the framework within which the Council operates. It also provides the majority of funding for Council services. Details of transactions with Government Departments are set out in the Cash Flow Statement. Details of amounts owing to/from Government Departments are disclosed in Note 27 Short-term Debtors and Note 29 Short-term Creditors.

Members of the Council
Members have direct control over the Council's financial and operating policies. All members' interests, both pecuniary and non-financial, that could conflict with those of the Council are open to public inspection. Each year members are asked to declare such interests. In respect of the 2010/11 financial year, no members declared any significant interests in any other organisations leading to such transactions with the Council.

The following related parties are disclosed elsewhere in the accounts:

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

- Retirement Benefits- disclosed in Note 53 to the Accounts.

- Greater Manchester Pension Fund (GMPF) - Tameside MBC hosts the GMPF, but there are separate management and governance arrangements in place to ensure the Pension Fund is able to act as an independent entity. No related party transactions have occurred in 2010/11 other than those disclosed elsewhere in the accounts. Further details can be found in the GMPF supplementary statement.

17. Amounts Reported for Resource Allocation Decisions

BUDGET MONITORING 2010/11 (OUTTURN)

SERVICE AREA	Budget £000s	Outturn £000s	Variation £000s
ECONOMY AND ENVIRONMENTAL SERVICES			
District Assemblies	11,606	11,283	(323)
Engineering Services (1)	26,799	26,461	(338)
Environmental Services (1)	19,358	19,503	145
Property	9,473	9,375	(98)
Planning & Economic Development	3,054	2,964	(90)
Housing and Community Regeneration	11,536	11,567	31
Subtotal	81,826	81,153	(673)
SERVICES FOR CHILDREN & YOUNG PEOPLE			
Achievement & Learning	13,401	13,091	(310)
Area Support & Youth	11,463	11,209	(254)
Specialist Services & Safeguarding	19,117	19,464	347
Commissioning & Resources	(3,103)	(2,895)	208
Not delegated to Schools	156	154	(2)
Capital Resources & Planning	25,537	25,454	(83)
Subtotal (1), (2)	66,571	66,477	(94)
COMMUNITY SERVICES			
Adult Services (1)	61,025	60,295	(730)
Cultural & Customer Services	11,535	11,242	(293)
Health Improvement	310	270	(40)
Subtotal	72,870	71,807	(1,063)
EXECUTIVE /CORPORATE SERVICES			
Governance	2,321	2,120	(201)
Finance			
Borough Treasurer	4,220	3,782	(438)
Exchequer (1)	2,165	2,273	108
ICT Services	1,544	1,016	(528)
Other Services	9,247	8,559	(688)
Executive Support			
Chief Executive	13	13	0
Executive Support	3,058	2,928	(130)
People & Performance	1,090	874	(216)
Performance & Change	625	441	(184)
Subtotal	24,283	22,006	(2,277)
Total service expenditure	**245,550**	**241,443**	**(4,107)**
Capital, Financing and other (2)	(35,943)	(37,910)	(1,967)
Total all expenditure	**209,607**	**203,533**	**(6,074)**
Adjustment to 'Capital, financing and other costs' previously reported to reflect property revaluation gains (3)	2,806	2,806	0
Total all expenditure (adjusted)	**212,413**	**206,339**	**(6,074)**

1) Service areas shown separately in the segmental reporting note.

2) Services for Children and Young People (capital resources and planning) and Capital and Financing budgets and actual outturn shown above have been amended from the Revenue Outturn Report for a £0.04m adjustment reflecting notional charges applicable for minimum revenue provision (MRP) amounts relating to the Hattersley Schools PFI, in accordance with proper accounting practices.

3) Capital, Financing and other costs have been amended by £2.84m from the Revenue Outturn Report for notional gains arising from the revaluation of properties, in accordance with proper accounting practice.

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement (CIES) is that specified by the *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by Cabinet on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements.

The income and expenditure of the Council's principal services recorded in the budget reports for the year are as follows:-

2010/11	**Environmental Services £000**	**Engineering Services £000**	**Adult Services £000**	**Services for Children & Young People £000**	**Exchequer £000**	**Total £000**
Fees, charges & other service income	(6,445)	(19,679)	(33,467)	(33,640)	(4,739)	(97,970)
Government grants & contributions	(85)	(777)	(2,320)	(174,699)	(105,792)	(283,673)
Total Income	**(6,530)**	**(20,456)**	**(35,787)**	**(208,339)**	**(110,531)**	**(381,643)**
Employee expenses	6,600	8,863	26,273	153,486	5,857	201,079
Other service expenses	16,764	32,398	67,235	92,183	103,884	312,464
Support service recharges	2,192	1,780	2,174	5,085	3,038	14,269
Depreciation, amortisation and impairment	477	3,876	400	24,062	25	28,840
Total Operating Expenses	**26,033**	**46,917**	**96,082**	**274,816**	**112,804**	**556,652**
Net Cost Of Services	**19,503**	**26,461**	**60,295**	**66,477**	**2,273**	**175,009**

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

This reconciliation shows how the figures in the analysis of the service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £000
Net expenditure in the service analysis	175,009
Net expenditure of services and support services not included in the analysis	31,330
	206,339
Amount included in the analysis but shown within Other Operating Expenditure	(35,599)
Amount included in the analysis but shown within Financing & Investment Income and Expenditure	(11,598)
Amount included in the analysis but shown within Taxation and Non-Specific Grant Income	38,637
Amount in the CIES not included in management reporting (adjustments required to comply with proper accounting practices)	(73,231)
Amount included in management reporting not included in the CIES	(17,364)
Cost of Services in CIES	**107,184**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	**Directorate Analysis £000**	**Services and Support Services not in Analysis £000**	**Amounts included in the analysis but shown within Other Operating Expenditure £000**	**Amounts included in the analysis but shown within Financing & Investment Income and Expenditure £000**	**Amounts included in the analysis but shown within Taxation and Non-Specific Grant Income £000**	**Amounts not reported to management for decision making £000**	**Amounts not included in CIES £000**	**Cost of Services £000**	**Corporate Amount £000**	**Total £000**
Fees, charges & other service income	(97,970)	(165,335)						**(263,305)**		**(263,305)**
Government grants & contributions	(283,673)	(43,032)				(3,573)		**(330,278)**		**(330,278)**
Interest and Investment Income				1,780				**1,780**	(1,780)	**0**
Income from Council Tax								**0**	(77,690)	**(77,690)**
Non domestic rates								**0**	(92,122)	**(92,122)**
Non ringfenced government grants								**0**	(34,594)	**(34,594)**
Capital grants and contributions					38,637			**38,637**	(38,637)	**0**
Surplus on trading undertakings				602				**602**	(602)	**0**
Gain on Disposal of Fixed Assets								**0**		**0**
Total Income	**(381,643)**	**(208,367)**	**0**	**2,382**	**38,637**	**(3,573)**	**0**	**(552,564)**	**(245,425)**	**(797,989)**
Employee expenses	201,079	41,709				(70,966)		**171,822**	8,100	**179,922**
Other services expenses	312,464	145,738				214	(17,364)	**441,052**		**441,052**
Support service recharges	14,269	16,375						**30,644**		**30,644**
Depreciation, amortisation and impairment	28,840	35,875				1,094		**65,809**		**65,809**
Interest Payments				(10,818)				**(10,818)**	10,818	**0**
Precepts & Levies			(25,236)					**(25,236)**	25,236	**0**
Payments to Housing Capital Receipts Pool								**0**	9	**9**
Inc and Exp in relation to investment properties and changes in their fair value				(3,162)				**(3,162)**	3,162	**0**
Deficit on trading undertakings								**0**		**0**
Loss on Disposal of Fixed Assets			(10,363)					**(10,363)**	27,675	**17,312**
Total Expenditure	**556,652**	**239,697**	**(35,599)**	**(13,980)**	**0**	**(69,658)**	**(17,364)**	**659,748**	**75,000**	**734,748**
(Surplus) or Deficit on Provision of Services	**175,009**	**31,330**	**(35,599)**	**(11,598)**	**38,637**	**(73,231)**	**(17,364)**	**107,184**	**(170,425)**	**(63,241)**
		206,339								

BUDGET MONITORING 2009/10 (Outturn)

SERVICE AREA	Budget £000	Actual £000	Variation £000
ECONOMY AND ENVIRONMENTAL SERVICES			
District Assemblies	11,918	11,806	(112)
Engineering (1)	24,667	25,044	377
Environmental Health	17,662	17,469	(193)
Property	2,105	2,120	15
Planning & Economic Development	2,833	3,374	541
Housing and Community Regeneration (1)	4,965	5,042	77
Subtotal	64,150	64,855	705
SERVICES FOR CHILDREN & YOUNG PEOPLE			
Achievement & Learning	23,151	23,151	0
Area Support & Youth	14,910	14,909	(1)
Specialist Services & Safeguarding	18,880	18,906	26
Commissioning & Resources	(20,887)	(20,901)	(14)
Not delegated to Schools	2,778	2,778	0
Capital Resources & Planning	16,561	16,577	16
Subtotal (1)	55,393	55,420	27
COMMUNITY SERVICES			
Adult Services (1)	59,799	59,799	0
Cultural & Customer Services	11,796	11,719	(77)
Health Improvement	174	174	0
Subtotal	71,769	71,692	(77)
EXECUTIVE /CORPORATE SERVICES			
Director of Governance	2,794	2,156	(638)
Director of Finance			
Borough Treasurer	3,091	2,893	(198)
Exchequer	1,869	2,006	137
ICT Services	62	(186)	(248)
Other Services	8,800	8,721	(79)
Director of Executive Support			
Chief Executive	165	139	(26)
Executive Support	3,261	3,235	(26)
People & Performance	506	513	7
Performance & Change	520	465	(55)
Subtotal	21,068	19,942	(1,126)
TOTAL	**212,380**	**211,909**	**(471)**

1) Service areas shown separately in the segmental reporting note.

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement (CIES) is that specified by the *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by Cabinet on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements.

The income and expenditure of the Council's principal services recorded in the budget reports for the year are as follows:-

2009/10	**Engineering Services £000**	**Adult Services £000**	**Services for Children & Young People £000**	**Housing & Community Regeneration £000**	**Total £000**
Fees, charges & other service income	(23,074)	(21,754)	(26,073)	(5,218)	(76,119)
Government grants & contributions	(122)	(10,599)	(175,423)	(100,945)	(287,089)
Total Income	**(23,196)**	**(32,353)**	**(201,496)**	**(106,163)**	**(363,208)**
Employee expenses	8,858	26,826	154,290	2,175	192,149
Other service expenses	34,951	62,200	83,418	107,129	287,698
Support service recharges	2,138	2,798	5,633	1,520	12,089
Depreciation, amortisation and impairment	2,293	328	13,575	381	16,577
Total Operating Expenses	**48,240**	**92,152**	**256,916**	**111,205**	**508,513**
Net Cost Of Services	**25,044**	**59,799**	**55,420**	**5,042**	**145,305**

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

This reconciliation shows how the figures in the analysis of the service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £000
Net expenditure in the service analysis	145,305
Net expenditure of services and support services not included in the analysis	66,604
	211,909
Amount included in the analysis but shown within Other Operating Expenditure	(23,225)
Amount included in the analysis but shown within Financing & Investment Income and Expenditure	(3,074)
Amount included in the analysis but shown within Taxation and Non-Specific Grant Income	41,305
Amount in the CIES not included in management reporting (adjustments required to comply with proper accounting practices)	(5,488)
Amount included in management reporting not included in the CIES	(53,854)
Cost of Services in CIES	**167,573**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of the service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2009/10	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts included in the analysis but shown within Other Operating Expenditure £000	Amounts included in the analysis but shown within Financing & Investment Income and Expenditure £000	Amounts included in the analysis but shown within Taxation and Non-Specific Grant Income £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Cost of Services £000	Corporate Amount £000	Total £000
Fees, charges & other service income	(76,119)	(68,324)						**(144,443)**		**(144,443)**
Government grants & contributions	(287,089)	(8,326)						**(295,415)**		**(295,415)**
Interest and Investment Income								**0**	(2,997)	**(2,997)**
Income from Council Tax								**0**	(76,308)	**(76,308)**
Non domestic rates								**0**	(83,207)	**(83,207)**
Non ringfenced government grants								**0**	(36,219)	**(36,219)**
Capital grants and contributions					40,699			**40,699**	(40,699)	**0**
Surplus on trading undertakings					606			**606**	(606)	**0**
Gain on Disposal of Fixed Assets								**0**		**0**
Total Income	**(363,208)**	**(76,650)**	**0**	**0**	**41,305**	**0**	**0**	**(398,553)**	**(240,036)**	**(638,589)**
Employee expenses	192,149	49,987				(5,488)		**236,648**	12,000	**248,648**
Other services expenses	287,698	67,828					(53,854)	**301,672**		**301,672**
Support service recharges	12,089	19,868						**31,957**		**31,957**
Depreciation, amortisation and impairment	16,577	5,571						**22,148**		**22,148**
Interest Payments				(2,359)				**(2,359)**	10,760	**8,401**
Precepts & Levies			(23,219)					**(23,219)**	23,219	**0**
Payments to Housing Capital Receipts Pool			(6)					**(6)**	6	**0**
Inc and Exp in relation to investment properties and changes in their fair value				(715)				**(715)**	715	**0**
Deficit on trading undertakings								**0**		**0**
Loss on Disposal of Fixed Assets								**0**		**0**
Total Expenditure	**508,513**	**143,254**	**(23,225)**	**(3,074)**	**0**	**(5,488)**	**(53,854)**	**566,126**	**46,700**	**612,826**
(Surplus) or Deficit on Provision of	**145,305**	**66,604**	**(23,225)**	**(3,074)**	**41,305**	**(5,488)**	**(53,854)**	**167,573**	**(193,336)**	**(25,763)**
		211,909								

18. Property, Plant and Equipment

Details of movements in property, plant and equipment in 2010/11 are below;

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2010	611,039	15,652	79,472	8,828	14,487	32,233	761,711	22,400
Additions	8,470	1,174	7,045	1,255	14	48,623	66,581	106
Donations								
PFI Recognition	20,645						20,645	20,645
Revaluation increases recognised in the Revaluation Reserve	9,874						9,874	
Revaluation (decreases) recognised in the Revaluation Reserve	(8,705)						(8,705)	
Revaluation (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,068)		(700)		(14)		(9,782)	(133)
De-recognition - disposals								
De-recognition – Academy and Foundation Schools	(31,134)					(22)	(31,156)	
Assets reclassified (to)/from Held for Sale	(673)						(673)	
Other reclassifications	2,444	(516)	(185)	2,197	(190)	(2,981)	769	
Other movements in cost or valuation	(8)						(8)	
At 31 March 2011	**602,884**	**16,310**	**85,632**	**12,280**	**14,297**	**77,853**	**809,256**	**43,018**
Accumulated Depreciation and Impairment								
At 1 April 2010	(101,555)	(6,220)	(5,641)	(3,590)	(5,337)		(122,343)	(1,362)
Depreciation charge	(20,617)	(1,957)	(2,177)				(24,751)	(688)
Revaluation increases - depreciation/ impairment written out to the Revaluation Reserve	22,563						22,563	
Impairment losses/(reversals) recognised in the Revaluation Reserve	6,675						6,675	
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services								
De-recognition - disposals								
De-recognition – Academy and Foundation Schools	3,645						3,645	
Assets reclassified (to)/from Held for Sale	211						211	
Other reclassifications	413				(407)		6	
Other movements in depreciation and impairment	7						7	
At 31 March 2011	**(88,658)**	**(8,177)**	**(7,818)**	**(3,590)**	**(5,744)**	**0**	**(113,987)**	**(2,050)**
Net Book Value								
At 31 March 2011	**514,226**	**8,133**	**77,814**	**8,690**	**8,553**	**77,853**	**695,269**	**40,968**
At 31 March 2010	**509,484**	**9,432**	**73,831**	**5,238**	**9,150**	**32,233**	**639,368**	**21,038**
Nature of asset owned at 31 March 2011								
Owned	470,789	7,586	77,814	8,690	8,553	77,853	651,285	
Finance Lease	2,469	547					3,016	
PFI	40,968						40,968	
	514,226	**8,133**	**77,814**	**8,690**	**8,553**	**77,853**	**695,269**	

Details of comparative movements in property, plant and equipment during 2009/10 are below;

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2009	580,486	12,339	73,350	5,862	19,809	13,053	704,899	21,955
Additions	13,871	3,550	6,078	1,416	745	25,511	51,171	445
Donations								
PFI Recognition								
Revaluation increases recognised in the Revaluation Reserve	6,542						6,542	
Revaluation (decreases) recognised in the Revaluation Reserve	(364)						(364)	
Revaluation (decreases) recognised in the Surplus/Deficit on the Provision of Services								
De-recognition - disposals								
De-recognition – Academy and Foundation Schools								
Assets reclassified (to)/from Held for Sale								
Other reclassifications	10,504	(237)	44	1,550	(6,065)	(5,900)	(104)	
Other movements in cost or valuation					(2)	(431)	(433)	
At 31 March 2010	**611,039**	**15,652**	**79,472**	**8,828**	**14,487**	**32,233**	**761,711**	**22,400**
Accumulated Depreciation and Impairment								
At 1 April 2009	(84,551)	(4,144)	(3,614)	(3,562)	(4,970)	0	(100,841)	(680)
Depreciation charge	(14,695)	(2,076)	(2,025)	0	(29)		(18,825)	(682)
Revaluation increases - depreciation/ impairment written out to the Revaluation Reserve	844						844	
Impairment losses/(reversals) recognised in the Revaluation Reserve								
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(3,369)			(3)	(240)		(3,612)	
De-recognition - disposals								
De-recognition – Academy and Foundation Schools								
Assets reclassified (to)/from Held for Sale								
Other reclassifications	127		(2)	(25)	(98)		2	
Other movements in depreciation and impairment	89						89	
At 31 March 2010	**(101,555)**	**(6,220)**	**(5,641)**	**(3,590)**	**(5,337)**	**0**	**(122,343)**	**(1,362)**
Net Book Value								
At 31 March 2010	**509,484**	**9,432**	**73,831**	**5,238**	**9,150**	**32,233**	**639,368**	**21,038**
At 31 March 2009	**495,935**	**8,195**	**69,736**	**2,300**	**14,839**	**13,053**	**604,058**	**21,275**
Nature of asset owned at 31 March 2010								
Owned	488,447	9,432	73,831	5,238	9,150	32,233	618,330	
Finance Lease							0	
PFI	21,038						21,038	
	509,484	**9,432**	**73,831**	**5,238**	**9,150**	**32,233**	**639,368**	

Revaluations

The Authority carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of Land & Buildings were carried out in accordance with the methodologies and the basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Carried at Historical Cost	8,548	16,310	85,632	12,280	11,115	77,854	211,739
Valued at Fair Value at:							
31 March 2007	61,255				3,182		64,437
31 March 2008	28,865						28,865
31 March 2009	180,314						180,314
31 March 2010	44,515						44,515
31 March 2011	279,387						279,387
Total Cost or Valuation	**602,884**	**16,310**	**85,632**	**12,280**	**14,297**	**77,854**	**809,257**

Effects of Changes in Estimates

In 2010/11, the Authority made material changes to its accounting estimates for Property, Plant and Equipment:

During the revaluation of the Authority's Land and Buildings this financial year, the remaining useful lives and residual values were reviewed critically for all the properties subject to review. As a result, the depreciation charge for Land and Buildings of £20.609m for 2010/11 was £2.169m greater than it would have been if the useful lives and residual values assessed in previous years had been used for the calculations. The impact of this change will carry forward into 2011/12 and future years.

The major capital commitments under capital contracts as at 31 March 2011 were as follows:

	Full Contract Value £000	Value Outstanding as at 31 March 2011 £000
Droylsden Academy New Build	27,966	**6,211**
Stamford Park Improvements	4,344	**4,248**
Ashton Northern Bypass - Markazi Jamia Mosque)	4,714	**2,988**
New Charter Academy New Build School	33,151	**1,074**
Samuel Laycock New Build School	6,259	**410**
Ravensfield New School	5,496	**356**
Aldwyn and Hawthorns New Build Schools	5,750	**288**
Lyndhurst New Build School	3,725	**264**
Ashton Market Hall Construction	14,803	**90**
Stamford St, Stalybridge, GM Retaining Walls	986	**78**
Ashton Northern Bypass - Contract 1: Retaining Walls	1,053	**16**

19. Investment Properties

31 March 2010 £000		31 March 2011 £000
	Cost or Valuation	
44,232	At 1 April 2010	43,265
364	Additions	225
(1,055)	Net gains / losses from fair value adjustments	(3,867)
0	De-recognition - other	(275)
	Assets reclassified (to)/from Held for Sale	
(121)	Other reclassifications	(770)
(155)	Other movements in cost or valuation	
43,265	**At 31 March 2011**	**38,578**

20. Intangible Assets

31 March 2010 £000		31 March 2011 £000
	Balance at start of the year:	
223	Gross carrying amounts	546
(66)	Accumulated Amortisation	(106)
157	**Net carrying amount at the start of the year**	**440**
285	Additions	1,034
(40)	In Year Amortisation	(52)
38	Upward revaluation	0
440	**Net carrying amount at the end of the year**	**1,422**

21. Assets Held for Sale

Current Assets 2009/10 £000		Current Assets 2010/11 £000
13	**Balance outstanding at start of year**	**2**
	Assets newly classified as held for sale:	
221	Property, Plant and Equipment	462
	Intangible Assets	
0	Other assets/liabilities in disposal groups	0
(90)	Revaluation losses	(186)
148	Revaluation gains	883
0	Impairment losses	0
	Assets declassified as held for sale:	
0	Property, Plant and Equipment	0
0	Intangible Assets	0
0	Other assets/liabilities in disposal groups	0
(290)	Assets sold	(1,159)
0	Transfers from long term assets to current	0
0	Other Movements	(2)
2	**Balance outstanding at year end**	**0**

22. Long Term Investments

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
		General Fund	
10,214	10,214	Manchester Airport PLC	10,214
10	9	Other Investments	10
10,224	**10,223**	**Total**	**10,224**

a. Manchester Airport PLC

Tameside, in common with all Greater Manchester Districts, other than Manchester City Council, which holds 55%, has a 5% share holding in Manchester Airport plc. Dividends of £1m were received in 2010/11 (£1m in 2009/10) from the Authority's investment in Manchester Airport plc.

The Groups financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group had operating profits before taxation and significant items of £51.3m in 2010/11, (£56.1m in 2009/10) and after taxation and significant items a profit of £84.7m (£36.9m in 2009/10). The Group had net assets of £817m at 31 March 2011 (£769.1m at 31 March 2010).

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

The shares in Manchester Airport are not traded in an active market and as such a reliable fair value cannot be established. The Council therefore shows its shareholding at historic cost. The dividend return from this investment (£1m in 2010/11) is included in the Councils medium term financial strategy as a key item of revenue income. As such, it is highly unlikely that the Council will dispose of its shareholding.

23. Long Term Debtors

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
94	77	Mortgages	66
5	1	Advances to Companies	1
186	214	Advances / Loans to Individuals	200
0	429	Tameside Local Education Partnership Loan	1,229
7,246	7,295	Manchester Airport PLC (Terminal 2)	7,295
0	1,382	Manchester Airport PLC (GMMDAF)	1,382
4,184	3,773	Tameside Sports Trust	3,551
11,715	**13,171**	**Total**	**13,724**

a. Manchester Airport PLC (Terminal 2 Loan Debt)

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

The Airport re-negotiated this loan agreement with the 10 Greater Manchester Authorities in 2009/10 and pays an annual fixed interest of 12% on the outstanding balance at 9th February 2010. Previously the Airport reimbursed the Council for all servicing costs on the underlying loans. The Airport has agreed to repay the loan to the Council by the end of the agreement 2055.

b. Manchester Airport (GMMDAF Loan Debt)

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

c. Tameside Sports Trust Loan

During 2008/09, the Council borrowed £4.280m from the Public Works Loan Board, which it then loaned to Tameside Sports Trust to finance the refurbishment by the Trust of 3 leisure centres across the borough. The Trust reimburses the Council with the full cost of servicing this debt.

24. Financial Instruments

a. Financial Instrument Balances

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

1 April 2009		31 March 2010			31 March 2011	
Long Term £000	**Current £000**	**Long Term £000**	**Current £000**		**Long Term £000**	**Current £000**
171,368	12,946	156,901	14,880	Financial Liabilities Principal Amount	156,267	1,047
2,820	0	759	2,031	Adjustment for Amortised Cost	767	1,938
174,188	12,946	157,660	16,911	Financial Liabilities at Amortised Cost	157,034	2,985
0	0	0	0	Financial Liabilities at Fair Value through Income and Expenditure	0	0
174,188	**12,946**	**157,660**	**16,911**	**Total Borrowings**	**157,034**	**2,985**
0	103,403	0	102,026	Total Loans and Receivables Principal Amount	0	74,657
0	2,501	0	61	Adjustment for Amortised Cost	0	70
0	(54,596)	0	(46,791)	Loans and Receivables treated as cash equivalents	0	(13,656)
0	51,308	0	55,296	Loans and Receivables at Amortised Cost	0	61,071
10	0	9	0	Available for Sale Financial Assets	10	0
0	0	0	0	Financial Assets at Fair Value through Income & Expenditure	0	0
10,214	0	10,214	0	Unquoted Equity Investment at Cost	10,214	0
10,224	**51,308**	**10,223**	**55,296**	**Total Investments**	**10,224**	**61,071**

Under accounting requirements the financial instruments value shown in the Balance Sheet includes the principal amount borrowed or lent plus accrued interest and further adjustment for breakage costs or stepped interest loans (measured by an effective interest rate calculation).

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

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

- Where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

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 value of non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values are as follows:

1 April 2009		31 March 2010			31 March 2011	
Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
145,503	166,475	132,889	148,900	PWLB Debt	118,328	135,901
41,631	41,937	41,682	40,648	Non PWLB Debt	41,691	43,777
13,438	13,438	13,346	13,346	Trade Creditors	19,158	19,158
200,572	**221,850**	**187,917**	**202,894**	**Total Financial Liabilities**	**179,177**	**198,836**

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.

1 April 2009		31 March 2010			31 March 2011	
Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
				Money Market Loans		
105,904	105,904	102,087	102,087	Less than 1 year	74,729	74,729
0	0	0	0	Greater than 1 year	0	0
23,770	23,770	20,634	20,634	Trade Debtors	10,071	10,071
129,674	**129,674**	**122,721**	**122,721**	**Total Loans and Receivables**	**84,800**	**84,800**

25. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates 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 set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

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

- by the adoption of a Treasury Policy Statement and treasury management clauses within its constitution;

- by approving annually in advance prudential indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

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

The 2010/11 Budget Report, which incorporates the prudential indicators, was approved by Council on 23 February 2010 and is available on the Council website. The key indicators issues within the indicators were:

- The Authorised Limit for 2010/11 was set at £271.895m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £251.895m. This is the functioning level of debt and other long term liabilities during the year.

- The maximum amounts of fixed and variable interest rate exposure were set at 450% and 100% based on the Council's net debt.

- The maximum and minimum exposures to the maturity structure of debt are shown in Appendix 2c of the 2010/11 Budget Report.

These policies are implemented by the central treasury 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 of Practice and are reviewed periodically.

Credit risk

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

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

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

- Credit ratings of Short Term F1, Long Term A+ or greater, Support B/C and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.

- UK Institutions provided with support from the UK Government.

The full investment strategy for 2010/11 was approved by Full Council on 23 February 2010 and is available on the Council's website.

The Authority's maximum exposure to credit risk in relation to its investments in banks and financial institutions of £ 74.657m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2011 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 2011	**Historical experience of default**	**Adjustment for market conditions at 31 March 2011**	**Estimated maximum exposure to default**
	£000s	**%**	**%**	**£000s**
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions (principal amount)	74,657	0.08	0.08	59.7
Trade debtors	10,071	5.48	5.48	551.5
Total	**84,728**			**611.2**

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

The Council does not generally allow credit for its trade debtors, at the year end date a balance of £10.071m was outstanding for payment. The outstanding amount can be analysed by age as follows:

1 April 2009 £000	31 March 2010 £000	Trade Debtors	31 March 2011 £000
13,817	4,806	Less than three months	5,399
132	277	Three to four months	72
3,499	2,853	Four to five months	3,019
1,343	1,491	More than five months	1,581
18,791	**9,427**	**Total**	**10,071**

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. 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:

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
103,403	102,026	Less than one year	74,657
0	0	Between one and two years	0
0	0	Between two and three years	0
0	0	More than three years	0
103,403	**102,026**	**Total**	**74,657**

All investments placed in the year were restricted to a maximum maturity period of 6 months, this policy reduced the risk that the Council would hold an investment with an institution that had a declining credit rating.

All trade and other payables are due to be paid in less than one year and trade debtors of £10.071m are not shown in the table above.

Refinancing and Maturity Risk

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

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury 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 by Council in the 2010/11 Budget Report):

1 April 2009 £000	31 March 2010 £000		Approved maximum limits £000	Approved minimum limits £000	31 March 2011 £000
12,946	14,880	Less than one year	15,731 (10%)	nil (0%)	1,047
14,468	634	Between one and two years	15,731 (10%)	nil (0%)	5,667
25,274	25,662	Between two and five years	47,194 (30%)	nil (0%)	31,015
19,934	19,245	Between five and ten years	62,926 (40%)	nil (0%)	8,576
111,692	111,359	More than ten years	157,314 (100%)	85,890 (50%)	111,009
184,314	**171,780**	**Total**			**157,314**

Market risk

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and effect the General Fund Balance, subject to influences from government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together 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 section 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:

1 April 2009 £000	**31 March 2010 £000**		**31 March 2011 £000**
26,996	25,067	Decrease in the fair value of fixed rate borrowings liabilities (no impact on Comprehensive Income and Expenditure Account)	21,160

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 24b – Fair value of Financial Assets and Liabilities Carried at Amortised Cost.

Price risk - The Council, excluding the Greater Manchester Pension Fund, does not generally invest in equity shares but does in common with all Greater Manchester Districts have a 5% share holding in Manchester Airport plc (except Manchester City Council which holds 55%). As there is no active market for this holding, the shares are shown at the Balance Sheet date at £10.214m, being cost less any impairment. 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.

26. Inventories

	Consumable Stores		Maintenance Materials		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	**286**	**393**	**182**	**195**	**59**	**58**	**0**	**0**	**527**	**646**
Purchases	2,697	2,392	783	664	365	255	0	0	**3,845**	**3,311**
Recognised as an expense in the year	(2,592)	(2,497)	(768)	(680)	(366)	(221)	0	0	**(3,726)**	**(3,398)**
Written off balances	2	1	(2)	(2)	0	0	0	0	**0**	**(1)**
Reversals of write-offs in previous years	0	0	0	0	0	0	0	0	**0**	**0**
Balance outstanding at year-end	**393**	**289**	**195**	**177**	**58**	**92**	**0**	**0**	**646**	**558**

27. Short-term Debtors

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
5,894	10,543	Central Government bodies	11,129
580	483	Other Local Authorities	161
180	94	NHS bodies	6
212	66	Public corporations and trading funds	135
23,770	20,634	Other entities and individuals	22,290
(2,809)	(2,974)	Impairment (other entities and individuals)	(3,079)
27,827	**28,846**	**Total**	**30,642**
		Other	
4,575	4,081	Payment in Advance	2,885
2,339	3,959	Capital	4,349
59	54	Transfer of Services	54
34,800	**36,940**	**Total including others**	**37,930**

28. Cash and Cash Equivalents

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
68	68	Cash held by the Authority	39
3,475	4,975	Bank Current Accounts	3,878
54,596	46,790	Short-term Investments	13,656
58,139	**51,833**	**Total Cash and Cash Equivalents**	**17,573**

29. Short-term Creditors

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
(8,627)	(6,139)	Central Government bodies	(9,871)
(695)	(3,442)	Other Local Authorities	(1,750)
(213)	(279)	NHS bodies	(219)
(910)	(293)	Public corporations and trading funds	(1,408)
(13,438)	(13,346)	Other entities and individuals	(19,158)
(23,883)	**(23,499)**	**Total**	**(32,406)**
		Other	
(4,604)	(5,316)	Short Term Accumulating Compensated Absences	(3,834)
(4,004)	(5,614)	Capital Creditors	(9,769)
0	(79)	Deposits	(48)
(15,148)	(22,350)	Receipts in Advance	(5,704)
(47,639)	**(56,858)**	**Total**	**(51,761)**

30. Other Long Term Liabilities

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
9,606	10,483	Former Greater Manchester County Council Debt Outstanding	9,874
692	601	Former Lancashire County Council Debt Outstanding	501
10,298	**11,084**	**Total**	**10,375**

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

This Balance Sheet shows the proportion, mainly allocated on a population basis, of the Greater Manchester County Council Debt transferred directly to this Authority.

The balance of former Greater Manchester County Council Debt at 31 March 2011 includes £1.292m of debt relating to the Airport, which the Council assumed responsibility for as part of the re-negotiated terms of the debt agreement between the Airport and the 10 Greater Manchester Authorities during 2009/10. The Airport previously serviced directly the repayment on this element of the debt.

The debt outstanding at 31 March 2011 (£9.874m) is net of Greater Manchester Probation Service Debt at 31 March 2011 (£0.123m), which is serviced directly by the Probation Service.

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

31. Usable Reserves

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement and Note 39 Transfer to/from Earmarked Reserves.

Capital Receipts Unapplied Account

2009/10 £000		2010/11 £000
0	**Balance at 1 April**	**0**
(290)	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,178)
609	Use of the Capital Receipts Reserve to finance new capital expenditure	1,188
6	Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	9
(325)	Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	(19)
0	**Balance at 31 March**	**0**

REFCUS Reserve

2009/10 £000		2010/11 £000
(761)	**Balance at 1 April**	**(2,889)**
598	Grants & contributions received in previous years - applied to fund REFCUS	899
	Grants & contributions received in previous years - applied	5
(2,726)	Grants & contributions received in year - not applied	(708)
0	Transfer to Capital Grants and Other Contributions Unapplied Reserve	99
(2,889)	**Balance at 31 March**	**(2,594)**

Capital Grants and Other Contributions Unapplied Reserve

2009/10 £000		2010/11 £000
(13,527)	**Balance at 1 April**	**(25,691)**
11,571	Grants & contributions received in previous years - applied	23,689
	Grants & contributions received in previous years - applied to fund REFCUS	39
(23,735)	Grants & contributions received in year - not applied	(4,162)
0	Transfer from REFCUS Reserve	(99)
(25,691)	**Balance at 31 March**	**(6,224)**

32. Unusable Reserves

Revaluation Reserve

2009/10 £000		2010/11 £000
(78,509)	**Balance at 1 April**	**(82,706)**
(7,570)	Upward revaluation of assets	(32,438)
413	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,030
(7,157)	Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**(30,408)**
2,434	Difference between fair value depreciation and historical cost depreciation	6,867
87	Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	2,793
101	Accumulated gains on assets sold or scrapped (prior year)	0
338	Accumulated gains on assets sold or scrapped	0
2,960	Amount written off to the Capital Adjustment Account	**9,660**
(82,706)	**Balance at 31 March**	**(103,454)**

Capital Adjustment Account

2009/10 £000		2010/11 £000
(364,739)	**Balance at 1 April**	**(379,571)**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
18,825	- Charges for depreciation of non current assets	24,751
90	- Charges for impairment of non current assets	0
3,563	- Revaluation losses on Property, Plant and Equipment	9,864
40	- Amortisation of intangible assets	52
3,675	- Revenue expenditure funded from capital under statute	5,198
290	- Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	27,927
0	- Unequal Pay Back Pay	8,010
68	- Prior year adjustments	191
26,551		**75,993**
(2,960)	Adjusting amounts written out of the Revaluation Reserve	(9,660)
23,591	Net written out amount of the cost of non current assets consumed in the year	**66,333**
	Capital financing applied in the year:	
(609)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(1,188)
(194)	- Use of the Capital Investment Reserve to finance new capital expenditure	(5)
(14,238)	- Capital grants and contributions credited to the CIES that have been applied to capital financing	(33,768)
(11,571)	- Application of grants to capital financing from the Capital Grants & Other Contributions Unapplied Account and REFCUS Reserve	(23,694)
(9,183)	- Statutory provision for the financing of capital investment charged against the General Fund	(9,889)
(3,683)	- Capital expenditure charged against the General Fund	(5,366)
(39,478)		**(73,910)**
1,055	Movements in the market value of Investment Properties debited or credited to the CIES	3,867
0	Movement in the Donated Assets Account credited to the CIES	0
(379,571)	**Balance at 31 March**	**(383,281)**

Deferred Capital Receipts Reserve

2009/10 £000		2010/11 £000
(437)	**Balance at 1 April**	**(110)**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0
327	Transfer to the Capital Receipts Reserve upon receipt of cash	19
0	Mortgage Principal Repaid in Previous Years	25
(110)	**Balance at 31 March**	**(66)**

Deferred Capital Receipts are amounts to be derived from the sale of assets, which will be received in instalments over agreed periods of time. The balance at 31 March 2011 is the outstanding amount due to the Council from providing mortgages to tenants on the sale of council houses; the mortgages are shown under long-term debtors.

Financial Instruments Adjustment Account

2009/10 £000		2010/11 £000
(1,033)	**Balance at 1 April**	**(821)**
0	Premiums incurred in the year and charged to the CIES	0
212	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	212
212	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	212
(821)	**Balance at 31 March**	**(610)**

Pensions Reserve

2009/10 £000		2010/11 £000
139,400	**Balance at 1 April**	**359,200**
214,000	Actuarial gains or losses on pensions assets and liabilities	(151,900)
24,700	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(50,200)
(18,900)	Employer's pensions contributions and direct payments to pensioners payable in the year	(19,200)
359,200	**Balance at 31 March**	**137,900**

Collection Fund Adjustment Account

2009/10 £000		2010/11 £000
(573)	**Balance at 1 April**	**(675)**
(102)	Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	67
(675)	**Balance at 31 March**	**(608)**

Short Term Accumulating Compensated Absences Account

2009/10 £000		2010/11 £000
4,604	**Balance at 1 April**	5,316
(4,604)	Settlement or cancellation of accrual made at the end of the preceding year	(5,316)
5,316	Amounts accrued at the end of the current year	3,834
712	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	(1,482)
5,316	**Balance at 31 March**	**3,834**

33. Provisions

Short Term Provisions

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
0	0	Unequal Pay Back Pay	8,010
0	**0**	**Total Short Term Provisions**	**8,010**

Provisions

	Insurance Fund £000	Education Standards Fund £000	Ruby Street £000	Other Provisions £000	Total £000
Balance at 1 April 2009	**4,408**	**1,059**	**114**	**194**	**5,775**
Additional provisions made in 2009/10	567	0	0	26	**593**
Amounts used in 2009/10	(1,710)	(1,059)	0	(93)	**(2,862)**
Balance at 1 April 2010	**3,265**	**0**	**114**	**127**	**3,506**
Additional provisions made in 2010/11	1,435	0	0	9	**1,444**
Amounts used in 2010/11	(1,487)	0	0	0	**(1,487)**
Balance at 31 March 2011	**3,213**	**0**	**114**	**136**	**3,463**

Insurance Fund
The 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.

Education Standards Fund
Centrally retained funding from the Department for Children Schools and Families (DCSF) which can be spent on school related services until 31 August 2010

Ruby Street
Funding has been received from the Land Agency to correct problems at the site of the former football pitch. Work cannot take place until methane gas emissions are reduced

Other Provisions
Other provisions includes the Stalybridge Railway Clock Fund, the Pension Probate, Portland Basin Rent and a new provision relating to the VAT element of car park fees paid through a salary sacrifice scheme.

34. Capital Expenditure and Capital Financing

2009/10 £000		2010/11 £000
199,361	**Opening Capital Financing Requirement plus PFI added in Year**	216,028
	Capital Investment	
51,171	Property, Plant and Equipment	87,226
364	Investment Properties	225
285	Intangible assets	1,034
7,838	Revenue Expenditure Funded from Capital under Statute	9,666
	Sources of Finance	
(609)	Capital Receipts	(1,188)
(29,971)	Government Grants and Other Contributions	(61,932)
(3,683)	Direct Revenue Contributions	(4,683)
(194)	Contribution from Capital Reserve	(688)
(8,534)	Minimum Revenue Provision	(9,180)
216,028	**Closing Capital Financing Requirement**	**236,508**

Explanation of Movements in Year

2009/10 £000		2010/11 £000
8,257	Increase in underlying need to borrow (supported by Government financial assistance)	377
9,343	Increase in underlying need to borrow (unsupported by Government financial assistance)	309
(718)	Assets acquired under finance leases	(409)
(213)	Assets acquired under PFI / PPP contracts	20,204
16,669	**Increase / (decrease) in Capital Financing Requirement**	**20,481**

35. Leases

Finance Leases

The Council had 108 assets under finance leases in 2010/11. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

1 April 2009 £000	31 March 2010 £000	Finance Lease	31 March 2011 £000
2,530	2,499	Other Land and Buildings	2,469
1,379	594	Vehicles, Plant, Furniture and Equipment	263
3,909	**3,093**	**Total**	**2,732**

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 Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
		Finance lease liabilities (net present value of minimum lease payments):	
(775)	(409)	- current	(171)
(3,247)	(2,838)	- non current	(2,667)
(19,065)	(18,215)	Finance costs payable in future years	(17,706)
(23,087)	**(21,462)**	**Minimum lease payments**	**(20,544)**

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

Minimum Lease Payments 2009/10 £000	Finance Lease Liabilities 2009/10 £000		Minimum Lease Payments 2010/11 £000	Finance Lease Liabilities 2010/11 £000
(917)	(409)	Not later than one year	(486)	(171)
(1,425)	(207)	Later than one year and not later than five years	(1,164)	(39)
(19,120)	(2,631)	Later than five years	(18,894)	(2,628)
(21,462)	**(3,247)**	**Total**	**(20,544)**	**(2,838)**

The Council has sub-let some of the office accommodation held under these finance leases. At 31 March 2011 the minimum payments expected to be received under non-cancellable sub-leases was £48k.

Operating Leases

The Council had 195 assets under operating leases in 2010/11, with typical lives of 3-5years. The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2010 £000		31 March 2011 £000
465	Not later than one year	484
972	Later than one year and not later than five years	472
0	Later than five years	0
1,437	**Total**	**956**

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

31 March 2010 £000		31 March 2011 £000
1,752	Minimum lease payments	2,234
0	Contingent rents	0
0	Sublease payments receivable	0
1,752	**Total**	**2,234**

Authority as Lessor

The Council has not leased out any assets as finance leases.

36. Private Finance Initiatives & Similar Contracts

a. Private Finance Initiative - Hattersley Schools PFI Project

The Council entered into a 30-year PFI contract on 19 June 2002, with Interserve plc and the Halifax Bank of Scotland, (trading as Pyramid Schools (Tameside) Ltd) to provide a 210 place school for Arundale Primary and Nursery School in Hattersley, a 420 place school for Pinfold Primary School also in Hattersley and a 750 place school for Alder Community High School in Gee Cross, Hyde. Services commenced at the primary schools on 9 September 2002 and at the high school in April 2003. The Council pays a unitary charge for the provision of accommodation and facilities management at the schools. The capital costs within the unitary charge are offset by the specific grant payment reflecting the notional credit approval issued by Department for Education (DfE). The total contractual unitary charge payment for the two primary schools and the high school in 2010/11 was £2.855m (£2.854m in 2009/10). The grant received was £1.738m (£1.742m in 2009/10).

The grant was initially based on the notional debt outstanding at the beginning of each financial year, which reduced by a nominal 4% on an annual basis. This changed in 2005/06 when an annuity basis of payment was introduced, giving a constant grant payment for the remainder of the scheme's life. The unitary charge will increase on an annual basis to reflect increases in line with the retail price index on the indexed element (44%). The Council has, therefore, 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 period of the contract. The reserve is also to be credited with the Council's share of any deductions made for unavailability and performance, refinancing gains, capital and revenue contributions from the schools and other relevant Services for Children and Young People budgets that are not expended in year, and interest.

The affordability of future unitary charge payments will be assessed on an annual basis and contributions to the reserve considered when determining the overall SCYP budget allocation. The balance on the reserve at 31 March 2011 was £1.518m (£1.893m in 2009/10).

The table below shows details of the value of assets and liabilities held under the Hattersley PFI contract:

2009/10 £000		2010/11 £000
	Gross Value - Carrying Amount	
21,955	**At 1 April 2010**	**22,400**
445	Additions in year	106
22,400	**At 31 March 2011**	**22,506**
	Depreciation and Impairment	
(680)	**At 1 April 2010**	**(1,362)**
(682)	In year depreciation	(685)
(1,362)	**At 31 March 2011**	**(2,048)**
21,038	**Balance Sheet amount as at 31 March 2011**	**20,459**
21,275	**Balance Sheet amount as at 1 April 2010**	**21,038**
15,280	**Total PFI Liability at 31 March 2011**	**14,892**
15,493	**Total PFI Liability at 1 April 2010**	**15,280**

The estimated balance outstanding of the amount that will eventually be paid under the contract is £71.606m (£74.482m in 2009/10) assuming the contract ends on its due date of 8 September 2032 and the table below summarises these values:

Hattersley Schools PFI Contract	**Estimated Contract Payment**						
	2011/12 £000	**2012-16 £000**	**2016-21 £000**	**2021-26 £000**	**2026-31 £000**	**2031-33 £000**	**Total from 2011/12 Onwards £000**
Liability	536	2,084	2,796	3,269	4,878	1,330	14,893
Finance Costs	1,163	4,229	4,310	3,278	1,675	125	14,780
Contingent Rental Finance Costs	77	182	(276)	(895)	(1,392)	(1,491)	(3,795)
Service Charges	1,135	5,514	9,076	11,370	13,123	5,510	45,728
Total Charges	**2,911**	**12,009**	**15,906**	**17,022**	**18,284**	**5,474**	**71,606**

b. Building Schools for the Future

The objective of the Building Schools for the Future (BSF) programme is to transform Secondary Education both through the development of personalised learning and new ways of learning and teaching, as well as providing major capital investment into school facilities and Information Communication Technology (ICT) services.

The scope of the national BSF programme was originally intended to include the rebuilding or remodelling of all high schools over the next ten years. However, the programme was stopped in July 2010, as part of a review of capital expenditure by the Secretary of State for Education. The programme in Tameside also includes the provision of an integrated ICT solution and a soft and hard facilities management service for all new and remodelled buildings. This includes both Private Finance Initiative funded schools and those financed by capital grant. There is a requirement for all Local Authorities to demonstrate that they will maintain schools to a high standard to avoid the potential for them to fall into disrepair in the future, as part of the condition on which capital funding was allocated. Assurances that this has been considered and addressed were a requirement for the approval by the Treasury in advance of the first phase of funding being released.

The Council secured over £186m capital and ICT funding through PFI and traditional grant in Wave 3 of the national BSF programme. This includes the design and build contracts for the co-located New Charter Academy and Samuel Laycock School and Droylsden Academy buildings and the PFI contracts for the Mossley Hollins, St Damian's Science College, Hyde Technology School, Dale Grove, Denton Community College, White Bridge College and Elmbridge School buildings.

Alder Community High School's network cabling was upgraded during the summer term 2009 and the School also commenced a full ICT Managed Service from September 2010. The Council has also earmarked £21.7m of capital receipts from the disposal of surplus secondary school sites to the BSF programme but only 50% of that sum, pending a clearer view of the level of capital receipts achievable in the current economic climate.

The Council obtained approval of its Readiness to Deliver submission on 7 April 2010, which would have enabled it to bring forward works at the last 7 high schools in the BSF programme so that they commence immediately after the Wave 3 schemes. However, the recent Department for Education spending cut announcements included the news that these projects have been stopped. The Government has commissioned a review of capital allocation and expenditure on school and other educational facilities, known as the Sebastian James Review. The report from the review has been published, making a range of recommendations; however, no ministerial response has yet been received.

The cost of providing full facilities management services and life cycle maintenance for all maintained Secondary schools that will be developed through the BSF programme (for both for PFI and traditionally funded schools) has been included within the final business cases for each phase of schemes. The affordability gap between the cost of the PFI Unitary Charge and Facilities Management services less school contributions is £1.487m per annum at April 2009 prices. The Schools Forum has agreed to meet this shortfall through ongoing contributions from the Dedicated Schools Grant and the creation of a reserve which will accrue interest and contribute to the affordability of the ongoing services.

The actual balance of the reserve at 31 March 2011 is £5.708m (£3.779m in 2009/10), which is made up of the following contributions:

	£'000
Balance as at 31st March 2010	**3,779**
Retained Devolved Formula Capital	340
Retained DSG Headroom	853
Interest	213
BSF Grant	531
Total	**5,716**

The Council entered into a 25 year PFI agreement to deliver new schools and facilities management services for Mossley Hollins and St Damian's high schools on 4 February 2009. Construction started on site on 9 March 2009 and Mossley Hollins was completed in February 2011 and St Damian's in April 2011. Both schools are now operational. The total value of the PFI contract is £82.569m including £38.736m operating costs and £43.833m funding needed during construction at April 2008 prices. The capital cost of the two PFI schools is £39.532m. The unitary charge is £5.405m per annum plus inflation. Both schools have signed Governing Body agreements committing them to making their contribution to the PFI unitary charge and the ICT services contract revenue costs. Each school will contribute £580 per pupil, per year, to the cost of the unitary charge, based on a capacity of 750 pupils each and £105 per pupil based on pupil numbers on roll, again at April 2008 prices.

The table below shows details of the value of assets and liabilities held under BSF PFI contract:

	2010/11 £000
Gross Value - Carrying Amount	
At 1 April 2010	**0**
Additions in year	20,645
Revaluation (decreases) recognised in the surplus/deficit on the provision of services	(133)
At 31 March 2011	**20,512**
Depreciation and Impairment	
At 1 April 2010	**0**
In year depreciation	(3)
At 31 March 2011	**(3)**
Balance Sheet amount as at 31 March 2011	**20,509**
Balance Sheet amount as at 1 April 2010	**0**
Total PFI Liability at 31 March 2011	**20,057**
Total PFI Liability at 1 April 2010	**0**

The estimated balance outstanding of the amount that will eventually be paid under the contract is £171.731m. In line with the contract modelled below, the total cost over the life of the project includes for example both operating costs and assumed costs in respect of interest and inflation charges.

The table below summarises these values on the assumption the contract ends on its due date of 27th February 2036:

Mossley Hollins & St Damian's PFI Project	**Estimated Contract Payment**						
	2011/12 **£000**	**2012-16** **£000**	**2016-21** **£000**	**2021-26** **£000**	**2026-31** **£000**	**2031-36** **£000**	**Total from 2011/12 Onwards** **£000**
Liability	354	1,713	3,473	5,916	10,078	17,464	38,998
Finance Costs	4,353	17,114	20,061	17,618	13,456	6,071	78,673
Contingent Rental Finance Costs	200	1,335	2,973	4,601	6,443	8,526	24,078
Service Charges	790	3,431	4,966	5,841	6,871	8,082	29,981
Total Charges	**5,697**	**23,593**	**31,473**	**33,976**	**36,848**	**40,143**	**171,730**

A second 25 year PFI contract was signed in April 2010, to deliver new facilities and services for Hyde Technology School, Dale Grove, Denton Community College, White Bridge College and

Elmbridge School. The first school, White Bridge College, is due to be completed in September 2011, with the remaining 4 being completed by 3 January 2012.

The total value of the PFI contract is £131.905m including £63.214m operating costs and £68.691m funding needed during the construction at April 2010 prices. The capital cost of the five PFI schools is £64.963m. The base unitary charge is £9.409m per annum plus inflation. Schools have signed Governing Body agreements committing them to making their contribution to the PFI unitary charge and the ICT services contract revenue costs. Each mainstream school will contribute a basic £580 per pupil, per year, to the cost of the unitary charge based on capacity each and £105 per pupil based on pupil numbers on roll, at April 2008 prices. Special schools and pupil referral units will make contributions based on premises budgets as the number of pupils to space ratio is much lower.

The Council in accordance with national policy is procuring the BSF programme through the establishment of a Local Education Partner (LEP) and has followed the European Union competitive dialogue procurement process. A Local Education Partnership (LEP) was established with Inspired Spaces (Carillion Plc and Building Schools for the Future Investments Limited) on 4 February 2009. The Council also entered into a 6 year ICT managed services contract for all high schools and academies on 4 February 2009 with Ramesys Ltd. The Council has taken up its option to invest 10% share of equity in the LEP. It has also taken up its 10% investment in the PFI.

37. Events After the Balance Sheet Date

No events have occurred between the 1st April 2011 and the 30th June 2011 that might have a bearing upon the financial results of 2010/11 and the financial position presented in the Balance Sheet.

38. Adjustments between Accounting Basis and Funding Basis under Regulation

	Usable Reserves				
2010/11	General Fund Balances £000	Capital Receipts Unapplied Account £000	REFCUS Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment A/C:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation of non current assets	(24,751)				24,751
Charges for impairment of non current assets	0				0
Revaluation losses on PPE	(9,864)				9,864
Revaluation gains on PPE (used to reverse previous revaluation losses)	2,793				(2,793)
Movements in the market value of Investment Properties	(3,867)				3,867
Amortisation of Intangible Assets	(52)				52
Capital grant and contributions	38,637		(708)	(4,162)	(33,767)
Revenue Expenditure Funded from Capital under Statute	(6,136)		899	39	5,198
Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(27,927)				27,927
Unequal Pay Back Pay	(8,010)				8,010
Prior Year Adjustments	(191)				191
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	9,180				(9,180)
- GM and lancashire debt repayment	709				(709)
Capital expenditure charged against General Fund balances	5,366				(5,366)
Use of Capital Receipts Reserve to Finance Capital Exp	5				(5)
Adjustments to Capital Receipts Unapplied Account:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	1,178	(1,178)			0
Use of the Capital Receipts Reserve to finance capital exp		1,188			(1,188)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals					0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(9)	9			0
Adjustments to Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES					0
Transfer to Capital Receipts Reserve upon receipt of cash		(19)			19
Mortgage principal repaid in previous years	(23)				23
Adjustments to Financial Instruments Adjustment A/C:					
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(212)				212
Adjustments to Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 47)	50,200				(50,200)
Employer's pensions contributions and direct payments to pensioners payable in the year	19,200				(19,200)
Adjustments to Collection Fund Adjustment A/C:					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(67)				67
Adjustment to Accumulating Compensated Absences Adjustment A/C:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,482				(1,482)
Total Adjustments	**47,641**	**0**	**191**	**(4,123)**	**(43,709)**

2009/10 Comparative Figures	Usable Reserves: General Fund Balances £000	Usable Reserves: Capital Receipts Unapplied Account £000	Usable Reserves: REFCUS Reserve £000	Usable Reserves: Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment A/C:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation of non current assets	(17,964)				17,964
Charges for depreciation of non current assets (finance leases)	(861)				861
Charges for impairment of non current assets	(90)				90
Revaluation losses on PPE	(3,563)				3,563
Revaluation gains on PPE (used to reverse previous revaluation losses)	87				(87)
Movements in the market value of Investment Properties	(1,055)				1,055
Amortisation of Intangible Assets	(40)				40
Capital grant and contributions	40,699		(2,726)	(23,735)	(14,238)
Revenue Expenditure Funded from Capital under Statute	(4,273)		598		3,675
Amounts of non current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(290)				290
Prior year adjustments	(67)				67
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	7,815				(7,815)
- MRP for capital financing (finance leases)	775				(775)
- GM and lancashire debt repayment	593				(593)
Capital expenditure charged against General Fund balances	3,877				(3,877)
Adjustments to Capital Receipts Unapplied Account:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	290	(290)			0
Use of the Capital Receipts Reserve to finance capital exp		609			(609)
Transition to IFRS Adjustment		2			(2)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals					0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(6)	6			0
Adjustments to Deferred Capital Receipts Reserve:					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES					0
Transfer to Capital Receipts Reserve upon receipt of cash		(327)			327
Adjustments to Financial Instruments Adjustment A/C:					
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(212)				212
Adjustments to Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 47)	(24,700)				24,700
Employer's pensions contributions and direct payments to pensioners payable in the year	18,900				(18,900)
Adjustments to Collection Fund Adjustment A/C:					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	102				(102)
Adjustment to Accumulating Compensated Absences Adjustment A/C:					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(712)				712
Total Adjustments	**19,305**	**0**	**(2,128)**	**(23,735)**	**6,558**

39. Transfer to/from Earmarked Reserve

Balance at 1 April 2009 £000	Transfers Out 2009/10 £000	Transfers In 2009/10 £000	Balance at 31 March 2010 £000	Earmarked Reserve	Balance at 1 April 2010 £000	Transfers Out 2010/11 £000	Transfers In 2010/11 £000	Balance at 31 March 2011 £000
(3,528)	3,528	(5,144)	(5,144)	ABG	(5,144)	5,144	0	0
(11,118)	5,515	(2,125)	(7,728)	Budget Strategy (consolidated)	(7,728)	2,003	(6,978)	(12,703)
0	0	(1,101)	(1,101)	Energy Efficiency	(1,101)	0	(354)	(1,455)
0	0	(1,579)	(1,579)	Improvement & Efficiency	(1,579)	0	0	(1,579)
0	0	(2,250)	(2,250)	Pay Equalities	(2,250)	0	0	(2,250)
0	0	0	0	Unspent Revenue Grant & Contribution	0	0	(8,645)	(8,645)
(90)	0	0	(90)	Automatic Number Plate Recognition	(90)	0	0	(90)
(150)	0	0	(150)	Co Location of Drugs Service	(150)	0	(393)	(543)
(2,848)	500	(1,979)	(4,327)	Early Retirements	(4,327)	6,879	(8,692)	(6,140)
0	0	(236)	(236)	Corporate Initiatives	(236)	0	(210)	(446)
(108)	0	(41)	(149)	Emergency Response	(149)	0	0	(149)
(4,584)	75	(1,404)	(5,913)	Insurance	(5,913)	0	(635)	(6,548)
(109)	0	0	(109)	Patrollers Radio Systems	(109)	0	(63)	(172)
(247)	75	0	(172)	Peer Support	(172)	75	0	(97)
(92)	8	(29)	(113)	Tameside Risk Initiatives	(113)	0	(36)	(149)
(333)	0	(255)	(588)	ICT Print Strategy	(588)	41	(118)	(665)
(126)	49	(100)	(177)	Financial/Corporate Systems	(177)	49	(535)	(663)
0	0	0	0	Partnership Strategy	0	0	(1,436)	(1,436)
(2,562)	0	(1,217)	(3,779)	BSF Affordability	(3,779)	952	(2,889)	(5,716)
(200)	0	0	(200)	Schools Redeployment	(200)	0	0	(200)
(439)	0	(114)	(553)	Children's Centres	(553)	0	(128)	(681)
(80)	0	0	(80)	Children's Legal Costs	(80)	0	0	(80)
(120)	0	0	(120)	Former Surestart PCT Employees	(120)	0	0	(120)
0	0	(1,003)	(1,003)	Hard Facilities Management Service Contract	(1,003)	0	(4)	(1,007)
(2,089)	204	(8)	(1,893)	PFI	(1,893)	383	(8)	(1,518)
0	0	(229)	(229)	School - Teachers Early Retirement	(229)	180	(150)	(199)
(200)	0	0	(200)	SCYP Early Retirement	(200)	0	0	(200)
(35)	0	(5)	(40)	Youth Clubs	(40)	0	0	(40)
(308)	255	0	(53)	Aquifer Museum	(53)	0	0	(53)
(6)	22	(18)	(2)	Ashton Library Repairs	(2)	2	0	0
(157)	41	(67)	(183)	Sports Club Development Fund	(183)	76	(28)	(135)
(75)	0	(67)	(142)	Tameside Theatre	(142)	0	0	(142)
(250)	251	(25)	(24)	Cemetery and Crematoria	(24)	0	(91)	(115)
(129)	7	(1)	(123)	Industrial Estates	(123)	69	(7)	(61)

(96)	162	(66)	0	Mercury Abatement Equipment	0	0	0	0
0	0	(51)	(51)	Housing Planning Delivery Grant	(51)	0	0	(51)
(124)	2	0	(122)	Pole Bank Park	(122)	2	0	(120)
(346)	0	(210)	(556)	Stamford Park	(556)	0	(145)	(701)
0	0	(749)	(749)	Traffic Management	(749)	99	0	(650)
0	0	(40)	(40)	Transport Replacement Fleet	(40)	0	(130)	(170)
(1,918)	0	(629)	(2,547)	Waste PFI	(2,547)	0	(410)	(2,957)
0	0	0	0	Winter Gritting	0	0	(150)	(150)
(250)	150	0	(100)	Supporting People	(100)	0	0	(100)
0	0	0	0	Operational Depot	0	0	(60)	(60)
(32,717)	**10,844**	**(20,742)**	**(42,615)**	**Sub Total Revenue**	**(42,615)**	**15,954**	**(32,295)**	**(58,956)**
(4,175)	2,827	(2,468)	(3,816)	Capital Investment	(3,816)	4,847	(1,853)	(822)
(12)	0	0	(12)	Capital Tameside	(12)	0	0	(12)
0	0	(140)	(140)	Future Premiums	(140)	0	(194)	(334)
(984)	0	0	(984)	Hattersley Regeneration	(984)	0	0	(984)
(300)	0	0	(300)	Hattersley Highways	(300)	0	0	(300)
(5,471)	**2,827**	**(2,608)**	**(5,252)**	**Sub Total Capital**	**(5,252)**	**4,847**	**(2,047)**	**(2,452)**
(38,188)	**13,671**	**(23,350)**	**(47,867)**	**Total**	**(47,867)**	**20,801**	**(34,342)**	**(61,408)**

Area Based Grant (ABG)
A reserve was created for the under-spend on ABG.

Budget Strategy
These reserves are earmarked to support the delivery of the Medium Term Financial Strategy.

Energy Efficiency
These funds are to support investment in energy efficiency schemes to secure future cost reductions.

Improvement & Efficiency
Funds have been set aside to support work in relation to the improvement and efficiency programme which will secure long term savings.

Pay Equalities
Funds have been earmarked to support litigation costs which are occurring.

Unspent Revenue Grant & Contributions
Adoption of IFRS has meant the crediting of the Comprehensive Income and Expenditure Statement with grants and contributions, with no conditions attached, in the year of receipt. The Revenue Grant Reserve is the amount of revenue grant, with no conditions attached, put into a reserve to fund future proscribed revenue expenditure.

Crime Reduction (Automatic Number Plate Recognition)
Alternative funding was secured in 2009/10 in order to fund the purchase of the Automatic Number Plate Recognition equipment. The funds in this reserve have now been earmarked to fund alternative projects in line with the key priority of crime and disorder reduction.

Co - Location of Drugs Service
Funds have been set aside to fund a project to co locate dispersed Substance Misuse Services within Tameside.

Early Retirements
A reserve has been set up to assist in meeting future years' additional pension costs arising from the "strain on the fund" due to earlier retirement than provided for in the fund valuation.

Corporate Initiatives
Funds have been set aside to fund the implementation of projects which support the Councils cross-cutting corporate initiatives.

Emergency Response
This reserve has been earmarked to assist in funding expenditure in the event of any major emergency response situations within the borough.

Insurance
An assessment has been made of the Insurance Fund in order to comply with Financial Reporting Standard 12. The value shown as a reserve relates to an estimate of claims incurred but not reported.

Patrollers Radio System
Reserve to support the digital radio system for the Patroller Service with the capability to link to blue light services in the future.

Peer Support Reserve
A reserve has been created to fund future initiatives in respect of business process engineering across the North West Region.

Tameside Risk Initiatives
A reserve has been created to provide training in areas of high risk insurance claiming and aims to ensure that there is a reduction in claims for the future.

ICT Print Strategy
Reserve to finance an overall Information and Document Management Strategy for the organisation.

Financial / Corporate Systems
This reserve is to be used to fund future planned implementation / maintenance of corporate computer systems.

Partnership Strategy
This reserve will contribute towards the effective management of new schemes, taking place through the Tameside Improvement Partnership.

BSF Affordability
For further information about this reserve, see pages 91-95.

Schools Redeployment
A reserve to finance associated cost of redeployed employees from Tameside MBC schools.

Children’s Centre
A reserve to finance ongoing and future children’s centre building maintenance programmes.

Children's Legal Costs
A reserve to finance an increase of court fees paid by local authorities in childcare and adoption proceedings.

Former Surestart PCT Employees
A reserve to finance future years pension costs relating to former Surestart Primary Care Trust (PCT) employees who are now employed by Tameside MBC.

Hard Facilities Management Service Contract
The purpose of this reserve is to fund the affordability gap between the cost of the Hard Facilities Management service for New Charter Academy and their revenue and devolved capital contributions.

PFI
For further information about this reserve, see Note 36 (as with BSF Affordability and Hard Facilities Management Service Contract, this has been provided as a separate note for the accounts).

School – Teachers Early Retirement
A reserve to finance the associated ongoing pension cost of teachers who retire before the age of 60.

SCYP Early Retirement
A reserve to finance capitalised costs associated with the early retirement of employees from ongoing service reviews

Youth Clubs
A reserve to finance youth service initiatives and activities.

Aquifer Museum
A reserve to contribute to the financing of the Aquifer Gallery project.

Ashton Library Repairs
In accordance with the Lottery grant requirements an annual sum needs to be provided for future repairs.

Sports Club Development Fund
This reserve relates to the development of sports clubs around the borough.

Tameside Theatre
Fund put in place to support the future of Theatrical Arts in the Borough after the closing of Tameside Theatre.

Cemeteries and Crematoria
The Council operates 1 crematorium and 8 cemeteries. This reserve is to set aside funds for the replacement of cremators as and when they are needed.

Industrial Estates
Service charges are levied on four of the Council's Industrial Estates. Monies collected, based on a percentage of rental income, are set aside to cover expenditure in respect of communal areas of each estate.

Mercury Abatement Equipment
This reserve was set aside to fund the purchase of mercury abatement equipment, which must be installed in all crematoria by 2011/12. Mercury abatement equipment has now been purchased and the funds utilised.

Housing Planning Delivery Grant (HPDG)
The HPDG Reserve is money from a grant received in 2009/10 put to one side to fund future years Joint Waste Development Plans within Planning & Economic Development.

Pole Bank Park
Amounts have been set aside from revenue savings for the refurbishment of Pole Bank Park.

Stamford Park
This reserve is in respect of works which will not be funded as part of the Heritage Lottery Fund scheme.

Traffic Management
Contributions received from developers upon completion of a development when new infrastructure is adopted by the Authority. The future maintenance of the infrastructure asset becomes the responsibility of the Authority in perpetuity. The monies are held in reserve for future maintenance of the highway infrastructure.

Transport Replacement Fleet
Revenue monies set aside for future maintenance of various types of vehicle procured via prudential borrowing over a period of 3 to 5 years. Any remaining amounts at the end of the borrowing periods will be used to fund future replacement purchases.

Waste PFI
These funds have been set aside to smooth the impact of future years levy increases and associated managed collection costs.

Winter Gritting
A reserve has been created to fund any additional winter maintenance costs in future years. This is as a result of rising costs due to the adverse weather conditions of 2009/10 and 2010/11.

Supporting People
This reserve has been set up to assist potential problems in future years when the supporting people grant reduces in value.

Operational Depot
This reserve, together with capital funding, will be used for the creation of a central operational depot for the District Assembly service, which will generate operational efficiencies in future years.

Capital Investment
Unspent monies earmarked for Capital Funding will be utilised in future years in financing the Council's capital programme.

Capital Tameside
Part of the receipt from the sale of Council houses to New Charter Trust has been earmarked for reinvestment to finance "Capital Tameside".

Future Premiums
This reserve has been established to finance the cost of premiums in relation to future debt re-scheduling.

Hattersley Regeneration
Part of the receipt from the sale of land at Hattersley has been earmarked for reinvestment to finance regeneration initiatives in Hattersley.

Hattersley Highway
Part of the receipt from the sale of land at Hattersley has been earmarked for reinvestment to finance highway improvements in Hattersley.

40. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2009/10 £000		2010/11 £000
(5,042)	Interest received	(1,767)
8,597	Interest paid	9,026
(1,000)	Dividends received	(1,000)

41. Cash Flow Statement - Investing Activities

The cash flows for investing activities include the following items:

2009/10 £000		2010/11 £000
59,998	Purchase of property, plant and equipment, investment property and intangible assets	73,481
178,253	Purchase of short-term and long-term investments	168,200
6	Other payments for investing activities	9
(634)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,233)
(174,325)	Proceeds from short-term and long-term investments	(173,951)
0	Other receipts from investing activities	0
63,298	**Net cash flows from investing activities**	**66,506**

42. Cash Flow Statement - Financing Activities

The cash flows for financing activities include the following items:

2009/10 £000		2010/11 £000
(60)	Cash receipts of short- and long-term borrowing	(5)
(36,344)	Other receipts from financing activities	0
988	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	624
13,429	Repayments of short- and long-term borrowing	14,471
2,239	Other payments for financing activities	5,299
(19,748)	**Net cash flows from financing activities**	**20,389**

43. Construction Contracts

As at 31 March 2011, there were no significant construction contracts in place, where the Council was undertaking construction programmes for external customers.

44. Acquired and Discontinued Operations

The Council has not acquired nor discontinued any operations during 2010/11.

45. Agency Services

The Council has the following agency agreements as detailed below;

a. Hattersley / Mottram Project

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

The Council's partners in the development project are English Partnerships, (now Homes and Communities Agency), Contour Housing Group Ltd, PVHA, and Manchester City Council. The partners operate under a Collaborative Agreement and, in accordance with this agreement signed by the principal partners, Tameside MBC acts as the Accountable Body on behalf of the partnership. Tameside MBC receives funds from the developers (Base Hattersley and CTP Property Holdings Ltd) as per the development agreement and distributes the funds to the partners in priority ranking as per the Collaborative Agreement.

The balance of £4,017k is to be carried forward into 2011/12 and consideration is being given to how this balance and the receipt from the Commercial Site due July 2011 may be utilised to help fund the remaining elements of the Hattersley Business Plan. The new District Centre including a new food retail store and community facilities will commence on site in July 2011 and is expected to open in July 2012. The first phase of new private house building commenced in June 2010 and a further phase of development is expected to commence in 2011/12.

The financial movements in the year were as follows:

2009/10				2010/11		
Income £000	**Expenditure £000**	**Total £000**		**Income £000**	**Expenditure £000**	**Total £000**
(2,086)		**(2,086)**	**Balances Brought Forward**			**(3,997)**
(2,500)		**(2,500)**	Receipts from Developers in year			
(35)		**(35)**	Interest Earned on Balances	(20)		**(20)**
	624	**624**	Payments to PVHA			
(2,535)	**624**	**(1,911)**	**Subtotal**	**(20)**		**(20)**
		(3,997)	**Balance carried forward**			**(4,017)**

b. Local E Government Standards Body

The Local E Government Standards Body was re-launched at the NWeGG Annual Conference on the 7th November 2006. Established to support the needs of Local Authorities and the Transformational Government agenda, LeGSB is embarking on a journey to facilitate the take up of standards, which can then be mapped onto a Local Government standards architecture reference model and developed with the local government community.

TMBC is the Lead Partner and Accountable Body for the project. TMBC previously received contributions from DCLG, DWP & DCSF for any expenditure incurred on the project up to the level of grant funding. The under spend in year is the balance of the funding remaining and is needed to continue the work of the project into next year.

Details of Income and Expenditure are detailed below:

2009/10 £000		2010/11 £000
	Income	
(138)	Balance b/fwd	(163)
(75)	Contributions	(10)
(213)	**Total Income**	**(173)**
	Expenditure	
0	Staff Costs (non TMBC)	131
50	Supplies & Services Expenses	11
50	**Total Expenditure**	**142**
(163)	**Receipt in Advance**	**(31)**

c. NWEGG (North West 'E' Government Group)

Created in 2000 the North West 'E' Government Group (NWEGG) brings together Local Authorities across the North West to support the delivery of the local government modernisation programme referred to as eGovernment. It was set up by Local Authorities for Local Authorities.

The membership of NWEGG consists of 30 North West Local Authorities and is chaired by Tameside MBC who is also the accountable body. NWEGG 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.

Details of Income and Expenditure are detailed below:

2009/10 £000		2010/11 £000
	Income	
(104)	Balance b/fwd Revenue	(47)
(273)	Contributions	(313)
(109)	Grant - Department for Communities & Local Government	0
0	Grant - North West Improvement and Efficiency Partnership	(451)
(486)	**Total Income**	**(811)**
	Expenditure	
249	Employee Expenses	347
23	Premises Expenses	14
167	Supplies & Services Expenses	180
0	Project Costs	176
439	**Total Expenditure**	**717**
(47)	**Receipt in Advance**	**(94)**

d. Customer Led Transformation

Customer-led Transformation is a project designed to promote customer insight and the development of second generation websites for user empowerment funded by the Department for Communities and Local Government (DCLG). Tameside MBC has been selected to be the lead authority and as a result acts as the administrator of the funds.

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

Income and Expenditure in 2010/11 is detailed below;

2009/10 £000		2010/11 £000
	Income	
0	Balance b/fwd	(4,745)
(7,350)	Grant Received	0
(7,350)	**Total Income**	**(4,745)**
	Expenditure	
324	Professional Services & Consultancy	933
2,281	Project Payments to Authorities	2,974
2,605	**Total Expenditure**	**3,907**
(4,745)	**Receipt in Advance**	**(838)**

e. Collection Fund

The Council as a billing authority acts as the agent of major preceptors when collecting Council Tax on their behalf. The major preceptors are the Greater Manchester Police Authority and the Greater Manchester Fire and Rescue Authority. No fee is chargeable for the service.

The Council, as the Billing Authority, also acts as agent for the Government in collecting National Non Domestic Rates (NNDR). The Government paid an allowance for the cost of this collection in 2010/11 of £0.304m (£0.308m in 2009/10).

46. Pooled Budgets

Joint Commissioning - Integrated Older People Services

The Authority has entered into a pooled budget arrangement with Tameside & Glossop Primary Care Trust for the provision of an Integrated Older People's Service to ensure the maximum quality of life and independence of vulnerable older people, by working in partnership across agencies and by using a whole systems approach. The Authority and the Primary Care Trust have an agreement in place for funding these services that will run from year to year unless terminated (in accordance with Partnership Agreement), with the partners contributing funds to the agreed budget as calculated in accordance with the partnership agreement.

The pooled budget is hosted by Tameside MBC on behalf of the two partners to the agreement.

2009/10 £000			2010/11 £000	
		Funding provided to the pooled budget:		
22,114		· the Authority	21,051	
26,076		· the Trust	26,755	
	48,190			47,806
		Expenditure met from the pooled budget:		
21,678		· the Authority	21,013	
26,487		· the Trust	26,711	
	48,165			47,724
	25	**Net surplus arising on the pooled budget during the year**		**82**
	436	Authority share of the net surplus arising on the pooled budget		38

Pooled Budget - Integrated Community Equipment Service

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

2009/10 £000			2010/11 £000	
		Funding provided to the pooled budget:		
329		· the Authority	300	
491		· the Trust	671	
51		· Other Authority	50	
	871	Expenditure met from the pooled budget:		1,021
374		· the Authority	295	
552		· the Trust	660	
58		· Other Authority	49	
	984			1,004
	(113)	**Net surplus arising on the pooled budget during the year**		**17**
	(45)	Authority share of the net surplus arising on the pooled budget		5

47. Other Balances

Manchester Airport PLC
The holdings (£5.702m) represent shares transferred to Tameside M.B.C. on the demise of Greater Manchester Council at nil cost as opposed to cash share purchases.

48. Member's Allowances

The Authority paid the following amounts to members of the council during the year.

	2009/10 £000	2010/11 £000
Total	1,256	1,264

49. Termination Benefits

The Council did not make any compulsory redundancies in 2010/11.

50. Officer's Remuneration

Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	2010/11				
Post Holder Information	**Salary, Fees and Allowances**	**Compensation for Loss of Office**	**Total Remuneration**	**Employers Pension Contribution**	**Total Remuneration including Pension Contributions**
	£	**£**	**£**	**£**	**£**
Chief Executive - Steven Pleasant	166,929	0	166,929	25,540	**192,469**
Executive Director, Services for Children and Young People	133,277	0	133,277	20,391	**153,668**
Executive Director, Economy & Environment	123,804	0	123,804	18,942	**142,746**
Executive Director, Community Services	123,804	0	123,804	18,942	**142,746**
Executive Director, Executive Support (Deputy Chief Executive)	93,238	0	93,238	14,449	**107,687**
Executive Director of Governance, Borough Solicitor (Deputy Chief Executive)	120,030	0	120,030	18,906	**138,936**
Executive Director, Finance	114,517	0	114,517	17,521	**132,038**
Executive Director, Pensions	110,850	0	110,850	16,960	**127,810**
TOTAL			**986,449**	**151,651**	**1,138,100**

	2009/10				
Post Holder Information	**Salary, Fees and Allowances £**	**Compensation for Loss of Office £**	**Total Remuneration £**	**Employers Pension Contribution £**	**Total Remuneration including Pension Contributions £**
Chief Executive - Steven Pleasant	**166,929**	**0**	**166,929**	**23,871**	**190,800**
Executive Director, Services for Children and Young People	**131,510**	**0**	**131,510**	**18,806**	**150,316**
Executive Director, Economy & Environment	**123,804**	**0**	**123,804**	**17,704**	**141,508**
Executive Director, Community Services	**123,804**	**0**	**123,804**	**17,704**	**141,508**
Executive Director, Executive Support (Deputy Chief Executive)	**122,980**	**0**	**122,980**	**17,586**	**140,566**
Executive Director of Governance, Borough Solicitor (Deputy Chief Executive)	**120,196**	**0**	**120,196**	**17,188**	**137,384**
Executive Director, Finance	**112,049**	**0**	**112,049**	**16,023**	**128,072**
Executive Director, Pensions	**108,007**	**0**	**108,007**	**15,445**	**123,452**
TOTAL			**1,009,279**	**144,327**	**1,153,606**

a. Changes between 2009/10 and 2010/11

During 2008/09 the Executive Team reduced in size from 10 to 8 members.

The current Chief Executive (Steven Pleasant) took up his post in April 2009. The responsibilities of the Executive Team were changed during 2009/10 to reflect the reduced size of the team. The change in overall remuneration between 2009/10 and 2010/11 reflects the full year impact of these changes.

b. Subsequent changes to the Senior Management Team structure

The structure of the Executive Team was reviewed again in April 2011, with a reduction of one Executive Director. The overall new senior management structure, including Executive and Assistant Executive Directors, is available on the Internet (www.Tameside.gov.uk). The total savings expected in 2011/12 from changes to the overall senior management structure are estimated as £0.523m. From 2012/13 the total annual savings following changes to the senior management team structure since 2008 will be £1.570m

	Headcount	£	Ongoing saving
Senior Management Structure as at Sept 2008	33	3,755,050	
Senior Management Structure December 2010	24	2,708,530	(1,046,520)
Senior Management Structure April 2012	19	2,184,876	(523,654)
Full year Saving Sept 2008 to April 2012	14		(1,570,174)

Employees' Remuneration

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

Number of employees including severance 2009/10	Remuneration band	Number of employees excluding severance 2010/11	Number of employees including severance 2010/11
116	£50,000 - £54,999	89	80
35	£55,000 - £59,999	66	66
30	£60,000 - £64,999	22	23
22	£65,000 - £69,999	15	15
10	£70,000 - £74,999	6	6
12	£75,000 - £79,999	15	16
4	£80,000 - £84,999	2	3
2	£85,000 - £89,999	0	2
2	£90,000 - £94,999	3	7
0	£95,000 - £99,999	0	3
1	£100,000 - £104,999	0	0
1	£105,000 - £109,999	0	0
235	**Total**	**218**	**221**

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

A number of employees in 2010/11 received a one off severance payment under the Council's time limited scheme. The figures above have been presented both excluding and including this payment, since severance increased the number of employees receiving total remuneration in year over £50,000 by three and resulted in ten employees being placed in higher bands than their normal remuneration would have placed them.

51. External Audit Costs

2009/10 £000		2010/11 £000
240	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	257
17	Fees payable to the Audit Commission in respect of statutory inspection	0
30	Fees payable to the Audit Commission for the certification of grant claims and returns	37
6	Fees payable in respect of other services provided by the appointed Auditor	0
0	Rebate in respect of International Financial Reporting Standards	(18)
0	Value for Money rebate	(11)
293	**Total**	**265**

52. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers Pension Scheme, administered by the Department for Education. This scheme provides teachers with specified benefits on their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2010/11 the Council paid £9.224m to the Teachers Pension Agency in respect of the employers' contribution rate for teacher pensions (£9.623m in 2009/10). These contributions are based on a national rate of 14.1% throughout the financial year.

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

In 2010/11 these costs amounted to £1.908m (£1.943m in 2009/10) representing 3.17% (3.14% in 2009/10) of pensionable pay. All the above figures exclude teachers pay and pension contributions for the 2 academies and 1 foundation school 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 53 Defined Benefit Pension Schemes.

53. Defined Benefit Pension Schemes

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

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

In 2010/11 the Council paid an employer's contribution of £15.5m (£15.4m in 2009/10) into the Fund representing 15.2% (15.8% in 2009/10) of pensionable pay. In addition, the Council is responsible for all pension payments relating to added years that it has awarded, together with related increases. In 2010/11 these amounted to £1.655m, (£1.648m in 2009/10) representing 1.62% (1.51% in 2009/10) of pensionable pay.

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However the charge that the Council is required to make against Council Tax is based on the cash payable in the year so the real cost of retirement benefits is reversed out of the General fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme 2009/10 £000	Discretionary Benefits Arrangements 2009/10 £000		Local Government Pension Scheme 2010/11 £000	Discretionary Benefits Arrangements 2010/11 £000
		Comprehensive Income and Expenditure Statement		
		Cost of Services:		
11,100		· current service cost	20,400	
1,600		· past service costs	(77,100)	(1,600)
		· settlements and curtailments		
		Financing and Investment Income and Expenditure		
38,000	1,500	· interest cost	47,500	1,500
(27,500)		· expected return on scheme assets	(40,900)	
23,200	**1,500**	***Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services***	**(50,100)**	**(100)**
		Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
0	0	· actuarial gains and losses	0	0
23,200	**1,500**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(50,100)**	**(100)**
		Movement in Reserves Statement		
(23,200)	**(1,500)**	**Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code**	**50,100**	**100**
18,900		Actual amount charged against the General Fund Balance for pensions in the year:	19,200	
17,000		- employers' contributions payable to scheme	17,200	
	1,900	- retirement benefits payable to pensioners		2,000

Actuarial gains and (losses) of 151.9m, (a loss of £214.0m in 2009/10) were included in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement (page 25). The cumulative amount of actuarial gains and (losses) recognised in the Comprehensive Income and Expenditure Statement is (£102.3m), (a loss of £251.2m in 2009/10).

a. Assets and liabilities in relation to post employment benefits

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2010).

The actual return on scheme assets in the year was £39.8m (£157.0m in 2010/11).

Reconciliation of fair value of the scheme assets:

Local Government Pension Scheme 2009/10 £000		Local Government Pension Scheme 2010/11 £000
436,200	**Opening balance at 1 April**	**594,600**
27,500	Expected rate of return	40,900
129,400	Actuarial gains and losses	(18,600)
15,400	Employer contributions	15,500
6,900	Contributions by scheme participants	6,500
(20,800)	Benefits paid	(23,800)
0	Entity combinations	0
0	Settlements	0
594,600	**Closing balance at 31 March**	**615,100**

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Funded liabilities: Local Government Pension Scheme 2009/10 £000	Unfunded liabilities: Discretionary Benefits 2009/10 £000		Funded liabilities: Local Government Pension Scheme 2010/11 £000	Unfunded liabilities: Discretionary Benefits 2010/11 £000
552,300	**23,300**	**Opening balance at 1 April**	**924,900**	**28,900**
11,100	0	Current service cost	20,400	0
38,000	1,500	Interest cost	47,500	1,500
6,900	0	Contributions by scheme participants	6,500	0
337,400	6,000	Actuarial gains and losses	(169,400)	(1,100)
(22,400)	(1,900)	Benefits paid	(25,500)	(2,000)
1,600	0	Past service costs	(77,100)	(1,600)
0	0	Entity combinations	0	0
0	0	Curtailments	0	0
0	0	Settlements	0	0
924,900	**28,900**	**Closing balance at 31 March**	**727,300**	**25,700**

The net liability shows the underlying commitments that the Council has in the long run to pay retirement benefits. The net liability of the Council as at 31 March 2011 will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

b. Scheme History

Details of the scheme's surplus (deficit) over the last five years are shown below:

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Present value of liabilities:					
Local Government Pension Scheme	(629,400)	(560,700)	(552,300)	(924,900)	(727,300)
Discretionary Benefits	(25,500)	(25,000)	(23,300)	(28,900)	(25,700)
Fair value of assets in the Local Government Pension Scheme	**549,300**	**522,200**	**436,200**	**594,600**	**615,100**
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	(80,100)	(38,500)	(116,100)	(330,300)	(112,200)
Discretionary Benefits	(25,500)	(25,000)	(23,300)	(28,900)	(25,700)
Total	**(105,600)**	**(63,500)**	**(139,400)**	**(359,200)**	**(137,900)**

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. Although the total liability of £137.9m is a significant item on the Council's Balance Sheet any deficit on the fund will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Greater Manchester Pension Fund by the Council in the year to 31st March 2012 is £16.7m.

c. Basis for Estimating Assets and Liabilities

Liabilities in respect of the Greater Manchester Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government scheme has been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Local Government Pension Scheme being based on the latest full valuation of the scheme as at 31st March 2011.

The principal assumptions used in the valuation calculations have been:

Local Government Pension Scheme 2009/10	Discretionary Benefits 2009/10		Local Government Pension Scheme 2010/11	Discretionary Benefits 2010/11
		Long-term expected rate of return on assets in the scheme:		
7.80%		Equity investments	8.50%	
5.00%		Bonds	4.90%	
5.80%		Property	5.50%	
4.80%		Cash	4.60%	
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
20.8	20.8	Men	20.1	20.1
24.1	24.1	Women	22.9	22.9
		Longevity at 65 for future pensioners:		
22.8		Men	22.5	
26.2		Women	25	
3.80%	3.80%	Rate of inflation	2.80%	2.80%
5.30%		Rate of increase in salaries	4.30%	
3.80%	3.80%	Rate of increase in pensions	2.80%	2.80%
5.50%	5.50%	Rate for discounting scheme liabilities	5.50%	5.50%
50%		Take-up of option to convert annual pension into retirement lump sum (Pre April 2008 service)	50%	
75%		Take-up of option to convert annual pension into retirement lump sum (Post April 2008 service)	75%	

Assets in the Greater Manchester Pension Fund are valued at fair value, principally market value for investments and consist of the following categories by proportion of the total assets held by the fund.

31 March 2010 %		31 March 2011 %
67	Equity investments	66
16	Debt Instruments	17
17	Other assets	17
100		**100**

d. Actuarial Gains and Losses

The actuarial gains/losses identified as movements on the pensions reserve in 2010/11, can be analysed into the following categories, as a percentage of assets or liabilities at 31 March 2011.

	2006/07 %	2007/08 %	2008/09 %	2009/10 %	2010/11 %
Differences between the expected and actual return on assets	0.62	(12.17)	(28.50)	21.76	(3.02)
Experience gains and losses on obligations	(0.03)	(0.07)	0.10	0.11	(10.66)

54. Contingent Liabilities

The Authority has the following contingent liabilities as at 31 March 2011.

Municipal Mutual Insurance

On the 30 September 1992, the Council's insurers, M.M.I Limited, announced that they had ceased taking on new business or issuing renewals and had placed a moratorium on claims payments. On 6 October 1992, M.M.I resumed the full payment of claims but no new business was accepted and existing policies were not renewed.

As at 31 March 2011 the estimated outstanding claims relating to M.M.I totalled £0.186m. On 21 January 1994, a contingent scheme of arrangement became effective for the company. Under the terms of the scheme the company will continue to pay all creditors in full and be managed by the directors unless at any time in the future a solvent run-off cannot be foreseen, at which point the payment provisions of the scheme were to be triggered and management of the company would pass to the scheme administrator. Under the provisions of the scheme the largest insurance creditors of the company would suffer a reduction in the level of their claim payments and a partial claw back of claims paid since 1 October 1993, which would correspond to the level of deficit. In return for agreeing to enter into the agreement, the scheme creditors and the policy holder's protection board are entitled to commission up to total of £30m split in proportion to claims paid since 1 October 1993. This commission will be the first call upon any surplus that the company may have immediately prior to the final winding up of the company and ahead of any distribution to members. The director's report within the last MMI accounts indicates that the company feels that all the outstanding claims will be met in full and therefore no provision has been made within the Balance Sheet.

An independent actuarial review, carried out on our behalf by AoN Ltd, has indicated that in their view in the absence of certainty regarding the MMI outcome, they have considered the position where the current deficit, as detailed in the 2009 Reports and Accounts, were to persist to the ultimate claim estimate. If this occurred, the level of clawback would be approximately 23% of the liabilities. Tameside's expected deficit under the MMI Scheme of Arrangement on this basis would be £0.509m.

The Greater Manchester Council's (GMC) former insurer was also MMI. As at 31 March 2011 £10.7m of claims relating to GMC had already been paid (£10.7m at 31 March 2010), with outstanding claims estimated at £0.025m (£0.1m at 31 March 2010).

GMC ceased to exist on 31 March 1986 and any residual liabilities are shared between the ten local authorities of AGMA based on the population estimated by the Registrar General on the 30th June which falls 21 months before the beginning of the financial year in which any sum recoverable falls. Tameside's share of this liability is presently 8.36%. Therefore Tameside's share of the ex GMC claims paid and outstanding at 31 March 2011 is £0.897m.

Manchester Airport

Within Note 23 to the Core Financial Statements, details are given of the value of borrowings on behalf of Manchester Airport plc. The Airport re-negotiated this loan agreement with the 10 Greater Manchester Authorities in 2009/10 and pays an annual fixed interest of 12% on the outstanding balance at 9th February 2010. Previously the Airport reimbursed the Council for all repayments on the underlying loans. The Airport has agreed to repay the loan to the Council at the end of the agreement in 2055 and no provision has been made for any potential losses arising from this agreement within the Balance Sheet.

Guarantees

Tameside MBC is guarantor for Tameside Sports Trust in respect of the Pulse Fitness Agreement and in respect of employer's liability arising out of admission agreements made under the Local Government Pension Scheme Regulations 1997 for Ashton Pioneer Homes Limited (Transferred Staff), the Cash Box Credit Union Limited, Tameside Care Limited, Tameside Citizens Advice Bureau and Groundwork MSSTT (Ex-Tameside staff).

Collateral Warranty

Tameside MBC has a collateral warranty with the Millennium Commission where it is required to maintain in force a policy of professional indemnity insurance for the canal in Stalybridge. The indemnity insurance covers Tameside's liabilities under the terms of an Agency Agreement. The Agreement runs for 12 years from completion of the works, April 2001.

Warranties Relating to the Housing Transfer

Tameside MBC has warranties relating to the housing transfer. These cover unlimited environmental warranties for which the Authority has taken out insurance.

Modesole Limited

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

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

As a result of the Council receiving a distribution of proceeds from the sale of its entire shareholding in Modesole Ltd, an indemnity was given to the buyer against any future liabilities arising in Modesole prior to the date of the sale. This indemnity is limited to the value of the sale proceeds received and will last for a period of 10 years from the date of sale, which was completed on 9 August 2005.

Equal Pay

As reported in last year's accounts, the local pay and grading review, arising from the National Single Status Agreement of 1997 together with later report by the Local Government Pay Commission, has now been completed. The new payline was implemented in 2009/10. Arising from this new payline some claims for backdated pay have been received by the Council and may result in subsequent payments being required. Any resulting liability cannot be quantified in advance and additional resources will be needed to settle the outstanding claims, which may go to employment tribunal. This situation continues.

Maintenance of Pathways & Roads

The Court of Appeal ruling in Gulliksen v Pembrokeshire County Council (2002) determined that Councils have a statutory duty to maintain footways and carriageways on former Council housing estates which have been transferred to housing associations. This ruling could have a significant impact on the maintenance and insurance liabilities of the Council and the cost of maintaining highways within the borough. The Council's Engineering Services have now surveyed all of the affected highway network areas, and although the liability may not be as great as first indicated, there are still some significant areas requiring immediate improvements and there is an ongoing maintenance liability for the Council. The matter is also still under active consideration by the Council's Legal Services in conjunction with the solicitors instructed on behalf of the Council's public liability insurers. At the end of the financial year 2009/10, it was further noted that a number of Public Rights of Way paths (e.g. through Housing estates and/or bridleways etc.), would need to be assessed for their maintenance liabilities. This follows the case Tameside MBC. v. Goodall which identified TMBC needed to improve their inspection processes and instigate more robust maintenance regimes. Further work has been undertaken during 2010/11 to identify the scope of this maintenance demand. In addition new inspection regimes are underway in 2011/12 to help improve our maintenance regimes on this park of our network.

Droylsden Canalside Development

The Council has received grant income of £5.86m from the North West Development Agency (NWDA). This is to be repaid to NWDA by 1 April 2021 from a share in future receipts with the Developer Watkin Jones. If the receipts as detailed in the Development Agreement are insufficient to repay the full amount, the Council would become liable for the shortfall. The NWDA is to shortly be abolished, with its ongoing responsibilities thereafter administered by the Homes and Communities Agency.

Metrolink

Phase 3a: The Association of Greater Manchester Authorities (AGMA), the Greater Manchester Passenger Transport Authority and Executive (PTA/E, now Transport for Greater Manchester, TfGM) and the Department for Transport (DFT) for Metrolink phase 3a have entered into a partnership funding approach. Within the agreement the DFT contribution is capped at £244m in cash and the PTA/E and the AGMA authorities are jointly and severally responsible for meeting all costs over and above that sum on the strict understanding that the scope of the scheme granted full approval is delivered. Scheme opening is programmed for winter 2012.

Phase 3b: The Greater Manchester Transport Fund Accelerated Package includes the Metrolink Phase 3B extension from Droylsden to Ashton-under-Lyne. The Association of Greater Manchester Authorities reported (in September 2009) a total cost at £88m. Scheme opening date is programmed winter 2013.

Variations to costs for these schemes are under the governance arrangements through TfGM and will be reported through to the Wider Leadership Group for their consideration in respect of future budget allocations for major Transport Schemes. In this respect their may be adjustments to funding available to Districts through this process.

Land Charges – Personal Searches

Land Charges legislation has recently changed and the current fee has been revoked. Clients are able to apply for a refund for personal searches of the local land charges register they had paid for going back to January 2005. Refund requests have been received by the Council and may result in future refund payments being made.

Thermal Cladding Works - Claim brought by Ashton Pioneer Homes

Some thermal cladding defects have recently been identified in buildings that were transferred from the Council to Ashton Pioneer Homes 13 years ago. A claim has been made which will be defended as the liability for the defects has not yet been properly identified.

55. Contingent Assets

VAT – Fleming

The outstanding claim for sports coaching (covering the period 1 January 1978 to 31 December 1989 and 1 April 1994 to 31 July 1994) is £253,494; 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.

VAT – Disabled Facilities Grant Fees

The outstanding claim for Disabled Facilities Grants (covering the period 1st April 1994 to 31st March 2011) is £142,743; it is anticipated if the claim is accepted by HMRC that simple interest on this claim would be would be in the region of 100% of the claim amount.

Restrictive Covenants

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

Supplementary Financial Statements

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

Collection Fund

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

Income & Expenditure Account

Year ended 31 March 2010 £000	£000		Note	Year ended 31 March 2011 £000	£000
		INCOME			
	(71,036)	Income from Council Taxpayers	2		(72,903)
	(53,776)	Income Collectable from Business Ratepayers	3		(48,469)
		Transfers from the General Fund			
	(18,292)	Benefits Allowed			(18,635)
		Contributions			
	(1)	Adjustment of Previous years' Community Charge	4		(1)
	(143,105)	**Total Income**			**(140,008)**
		EXPENDITURE			
		Precepts and Demands			
75,656		Tameside M.B.C.		77,290	
3,386		GM Fire		3,481	
8,850	87,892	GM Police		9,541	90,312
		Business Rates	3		
53,468		Payment to the National Pool		48,165	
308	53,776	Costs of Collection		304	48,469
	679	Bad Debts Provision - Council Tax			838
	637	Tameside M.B.C. and Preceptors - distribution of previous year's estimated surplus	5		463
	142,984	**Total Expenditure**			**140,082**
	(121)	**(Surplus)/Deficit for year**			**74**
	(663)	**Fund Balance b/fwd 1 April 2010**			**(784)**
	(784)	**Fund Balance c/fwd 31 March 2011**	6		**(710)**

Notes to the Collection Fund

1. General

The Collection Fund is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax, Non-Domestic Rates and residual Community Charge receipts. The costs of administering collection are accounted for in the General Fund. It is a requirement that any surplus or deficit on the Collection Fund at the end of the year is distributed to or made good by contributions from the Council and the Preceptors in the subsequent financial year.

In accordance with the Code of Practice on Local Authority Accounting in Great Britain, only a Collection Fund Income and Expenditure Account is shown, the Balance Sheet being consolidated into the Authority's Consolidated Balance Sheet.

2. Council Tax

In 1999/00 Tameside MBC saw the introduction of its first local Parish Council in Mossley. Local Parish Councils can raise additional Council Tax to be spent only in their area on priorities determined locally through the Parish Council. In 2010/11 a local precept of £0.025m was set which is collected directly from dwellings within the Mossley Parish boundary, as an additional element on their overall 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 tables below show the calculation of the tax bases and Council Taxes for properties outside Mossley and those within Mossley.

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

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

	Total number of dwellings	Equivalent after discounts etc	Specified ratio	Band D Equivalents	Income To Be Raised £000	Band D Equivalent Council Tax £	2010/11 Council Tax (Excluding Mossley Parish) £
Disabled relief		75	5/9	42			
Band A	51,877	43,566	6/9	29,044			910.49
Band B	17,883	15,900	7/9	12,366			1,062.25
Band C	18,302	16,647	8/9	14,797			1,213.99
Band D	6,166	5,687	1	5,687			1,365.74
Band E	3,308	3,108	11/9	3,798			1,669.23
Band F	847	783	13/9	1,131			1,972.74
Band G	366	335	15/9	558			2,276.23
Band H	40	17	18/9	34			2,731.48
	98,789	**86,118**		**67,457**	**90,287**	**1,365.74**	
Less allowance for losses on collection (2%)				**(1,349)**			
Sub-total				**66,108**			
MOD properties				0			
Total Tameside Tax Base 2010/11				**66,108**			

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

	Total number of Dwellings	Equivalent After Discounts etc.	Specified ratio	Band D Equivalents	Income To Be Raised £000	Band D Equivalent Council Tax £	2010/11 Council Tax (Including Mossley Parish) £
Disabled relief		4	5/9	2			
Band A	2,808	2,353	6/9	1,569			915.36
Band B	842	749	7/9	582			1,067.93
Band C	973	887	8/9	788			1,220.48
Band D	314	285	1	285			1,373.04
Band E	164	159	11/9	194			1,678.15
Band F	42	41	13/9	59			1,983.28
Band G	13	10	15/9	17			2,288.40
Band H	1	0	18/9	0			2,746.08
	5,157	**4,488**		**3,496**	**25**	**7.30**	
Less allowance for losses on collection (2%)				**(70)**			
Total Mossley Council Tax Base 2010/11				**3,426**			

The income, net of benefits allowed, raised in 2010/11 was £72.9m compared to £71.0m for 2009/10.

3. Business Rates

National Non-Domestic Rating (NNDR) is organised on a national basis. The Government specified in 2010/11 a standard rate in the pound of 41.4 (0.414) for non-domestic rating and 40.7p (0.407) for small business non-domestic rating, (compared to 48.5p and 48.1p in 2009/10). Subject to the effects of transitional and other relief and discounts, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the ratepayers in its areas and the net rates collected are paid into a national pool administered by Central Government. Under these arrangements the amounts included in these accounts can be analysed as follows:-

	2009/10 £000	2010/11 £000
Gross Rates less reliefs and discounts	54,158	49,630
Less:		
cost of collection allowance	(308)	(304)
interest on refunds	(126)	(137)
bad debts provision	(256)	(1,024)
	(690)	(1,465)
Net contribution to National Non-Domestic Rate (NNDR) Pool	**53,468**	**48,165**

The non-domestic rateable value for the Council's area as at 31 March 2011 was £149.4m compared to £151.4m at 31 March 2010.

The Government pays back to authorities their share of the NNDR pool based on a standard amount per head of population. For Tameside MBC this amounted to £92.12m in 2010/11, which is £425.46 per head of population (216,524).

4. Adjustment for Previous Years' Community Charge

The adjustment for Community Charges in 2010/11 has arisen through the reduction in the bad debt reserve of £0.001m. This reduction has been as a result of the ongoing collection of the arrears of residual Community Charge.

5. Distribution of the Previous Years' Estimated Surplus

	2009/10 £000	2010/11 £000
Tameside M.B.C.	550	399
Greater Manchester Fire and Rescue Authority	62	18
Greater Manchester Police Authority	25	46
Total	**637**	**463**

6. Collection Fund Balance as at 31 March 2011

The year end surplus broken down between Tameside MBC and the other Preceptors is as follows:-

	2009/10 Community Charge £000	2009/10 Council Tax £000	Total £000	2010/11 Community Charge £000	2010/11 Council Tax £000	Total £000
Tameside M.B.C.	1	675	676	1	609	610
Greater Manchester Police Authority		78	78		73	73
Greater Manchester Fire and Rescue Authority		30	30		27	27
Total	**1**	**783**	**784**	**1**	**709**	**710**

Greater Manchester Metropolitan Debt Administration Fund

Tameside MBC is the lead Authority 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 & Expenditure Account

31 March 2010 £000		31 March 2011 £000
	INCOME	
	Interest	
(12,930)	Recharged to Responsible Authorities	(11,831)
(1)	Earned on Investments	0
0	Pre 1974 Transferred Debt Interest	0
(10)	Gains/Losses on repurchase of debt	4
(12,941)	**Total Income**	**(11,827)**
	EXPENDITURE	
	Interest on Loans	
12,748	Public Works Loan Board	11,644
55	Pre 1974 Transferred Debt	37
24	Temporary Borrowing	29
12,827		11,710
54	Charge for future Premiums	54
60	Debt Management Expenses	63
12,941	**Total Expenditure**	**11,827**
0	**Net Expenditure**	**0**

The Balance Sheet

1 April 2009 £000	31 March 2010 £000		Note	31 March 2011 £000
198,761	**188,572**	**DEBT OUTSTANDING**	**1**	**177,571**
		Long Term Liabilities:-		
		External Loans:		
186,403	161,945	Public Works Loan Board		161,016
1,249	928	Pre 1974 Transferred		696
187,652	**162,873**		**3**	**161,712**
		Current Liabilities:-		
		Creditors:-		
10,866	25,489	Temporary Loans	**3**	15,576
1	1	General		70
94	14	District overpaid		72
162	216	Charge for future Premiums		270
11,123	25,720			15,988
		Less Current Assets:		
(4)	(1)	Debtors	**5**	(113)
(10)	(20)	Premium Holding A/c		(16)
(14)	(21)			(129)
11,109	25,699	Net Current Liabilities		15,859
198,761	**188,572**		**2**	**177,571**

1. Analysis by Responsible Authority

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
13,832	13,123	GM Police Authority	12,357
6,770	6,423	GM Fire and Rescue Service	6,048
33,614	31,891	GM Integrated Passenger Authority	30,030
13,332	12,649	Bolton MBC	11,911
9,145	8,676	Bury MBC	8,170
25,388	24,085	City of Manchester	22,681
26,871	25,493	Oldham MBC	24,007
10,717	10,168	Rochdale MBC	9,575
13,388	12,702	City of Salford	11,961
14,750	13,994	Stockport MBC	13,178
11,190	10,616	Tameside MBC	9,997
1,603	1,521	Trafford MBC	1,432
18,161	17,231	Wigan MBC	16,224
198,761	**188,572**	**Total**	**177,571**

The outstanding debt of £177.571m at 31 March 2011 includes former Manchester Airport debt of £15.526m and former Greater Manchester Probation Service debt of £1.502m

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

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

2. Analysis by Type of Loan

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000	Year on Year Change £000
186,403	161,945	Public Works Loan Board	161,016	(929)
1,249	928	Debt administered by other authorities	696	(232)
9,199	24,573	Debt falling out in next 12 months	14,176	(10,397)
1,667	916	Temporary Loan	1,400	484
243	210	Revenue and other balances temporarily used for capital purposes	283	73
198,761	**188,572**	**Total**	**177,571**	**(11,001)**

3. Financial Instrument Balances

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

1 April 2009		31 March 2010			31 March 2011	
Long Term £000	Current £000	Long Term £000	Current £000		Long Term £000	Current £000
185,165	10,535	162,873	22,885	Financial Liabilities Principal Amount	161,712	13,569
2,487	331	0	2,604	Adjustment for Amortised Cost	0	2,007
187,652	**10,866**	**162,873**	**25,489**	**Financial Liabilities at Amortised Cost**	**161,712**	**15,576**
0	0	0	0	Financial Liabilities at Fair Value through Income and Expenditure	0	0
187,652	**10,866**	**162,873**	**25,489**	**Total Borrowings**	**161,712**	**15,576**

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

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:

1 April 2009		31 March 2010			31 March 2011	
Financial Liabilities - liabilities measured at Amortised Cost £000	Financial Assets Loans and Receivables £000	Financial Liabilities - liabilities measured at Amortised Cost £000	Financial Assets Loans and Receivables £000		Financial Liabilities - liabilities measured at Amortised Cost £000	Financial Assets Loans and Receivables £000
(14,425)	0	(12,827)	0	Interest Expense	(11,710)	0
0	0	0	0	Losses on de-recognition	(4)	0
(14,425)	**0**	**(12,827)**	**0**	**Interest payable and similar charges**	**(11,714)**	**0**
0	215	0	1	Interest Income	0	0
30	0	10	0	Gains on de-recognition	0	0
30	**215**	**10**	**1**	**Interest and Investment Income**	**0**	**0**
(14,395)	**215**	**(12,817)**	**1**	**Net gain (loss) for the year**	**(11,714)**	**0**

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

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

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

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

The fair values are as follows:

1 April 2009		31 March 2010			31 March 2011	
Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
195,601	236,389	186,519	215,150	PWLB Debt	175,192	203,127
1	1	1	1	Creditors	70	70
195,602	**236,390**	**186,520**	**215,151**	**Total Liabilities**	**175,262**	**203,197**

The fair value is greater than the carrying amount because the portfolio of loans relating to the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF) includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

The above represents the fair value of PWLB debt managed by Tameside MBC on behalf of the Greater Manchester Metropolitan Debt Administration Fund. The fair value of transferred debt relating to GMMDAF will be shown by those authorities whom manage this element of the debt.

1 April 2009		31 March 2010			31 March 2011	
Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**		**Carrying Amount £000**	**Fair Value £000**
4	4	1	1	Debtors	**113**	**113**
4	**4**	**1**	**1**	**Total Loans and Receivables**	**113**	**113**

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

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

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

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Fund;
- Liquidity risk – the possibility that the Fund might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Fund might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

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

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

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

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

    - The Fund's overall borrowing;

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

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

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

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

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

The 2010/11 Budget Report which incorporates the prudential indicators was approved by Council on 23 February 2010 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2010/11 was set at £213.761m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Limit for 2010/11 was set at £198.761m. This is the expected level of debt and other long term liabilities during the year.

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

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

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

- Credit ratings of Short Term F1, Long Term A+ or greater, Support B/C and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.

- UK institutions provided with support from the UK Government.

The full investment strategy for 2010/11 was approved by Full Council on 23 February 2010 and is available on the Council's website.

The Fund's maximum exposure to credit risk in relation to its investments in banks and financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Fund's deposits, but there was no evidence at the 31 March 2011 that this was likely to crystallise.

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

	Amount at 31 March 2011 £000	**Historical experience of default %**	**Adjustment for market conditions at 31 March 2011 %**	**Estimated maximum exposure to default £000**
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions (principal amount)	0	0.08	0.08	0

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

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

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

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

The approved treasury and investment strategies address the main risks and the central treasury teams address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.

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

1 April 2009 £000	**31 March 2010 £000**		**31 March 2011 £000**
10,535	22,885	Less than one year	13,569
23,220	13,097	Between one and two years	13,446
34,519	27,850	Between two and five years	48,340
78,463	82,963	Between five and ten years	74,063
46,111	36,111	Between ten and fifteen years	23,011
2,852	2,852	More than fifteen years	2,852
195,700	**185,758**		**175,281**

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

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

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Statement.

The Fund follows the Council's strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Fund's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury management section will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favorable, fixed rate investments may be taken for longer periods to secure better long term returns.

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

1 April 2009 £000	**31 March 2010 £000**		**31 March 2011 £000**
9,903	7,542	Decrease in the fair value of fixed rate borrowings liabilities (no impact on Income and Expenditure Statement).	9,914

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

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

Foreign exchange risk - The Fund has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rate.

Glossary of Financial Terms

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agency Arrangements
Services performed by or for another authority or public body, where the agent is reimbursed for the cost of work done.

Area Based Grant (ABG).
Area Based Grant is a non ring-fenced general grant. No conditions on use are imposed as part of the grant ABG is paid directly to the Authority.

Audit Commission
Independent Body with the responsibility of appointing external auditors to local authorities. The Audit Commission has a duty to ensure that local authorities make sufficient arrangements to secure economy, efficiency and effectiveness in their use of resources.

The Audit Commission are the appointed auditors of Tameside MBC.

Billing Authority
An authority which collects council tax and precepts on behalf of itself and other bodies.

Budgets
A statement of an Authority's plans for net revenue expenditure over a specified period of time.

Best Value Accounting Code of Practice (BVACOP)
A CIPFA Code established to modernise the system of Local Authority accounting and reporting to ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services. BVACOP establishes 'proper practice' with regard to consistent financial reporting below the Statement of Accounts level and is given statutory force in England by Regulations made under the Local Government Act 2003.

Capital Expenditure
Expenditure on the acquisition of non-current assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing non-current assets or extends the useful life of an asset.

Capital Financing Costs
Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

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

Capital Grants
Grants received towards Capital Expenditure incurred on specific schemes.

Capital Receipts
Money received from the sale of surplus assets such as land and buildings, which may be used to supplement the Authority's supported borrowing and finance capital expenditure.

Capital Reserves
An internal fund of the Authority which is used as an alternative to borrowing or leasing to finance capital expenditure.

Carrying Amount
The Balance Sheet value of either an asset or liability.

Cash and Cash equivalent
Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalent 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, and uniquely among the professional accounting bodies in the UK, CIPFA has responsibility for setting accounting standards, for a significant part of the economy, namely Local Government.

Code of Practice
The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) defines proper accounting practices for local authorities in England, Wales, Scotland and Northern Ireland.

Collection Fund
The Collection Fund is a separate statutory fund, which details the transactions in relation to Non Domestic Rates and the Council Tax, and the distribution to preceptors and the General Fund.

Community Assets
Non-current assets that an authority intends to hold in perpetuity and have no determinable useful life, and that may have restrictions on their disposal, e.g. parks and historical buildings.

Consistency
A concept that the accounting treatment of like items, within the same accounting period and from one period to the next is the same, this allows for greater comparability between periods.

Council Tax
This is a banded property tax levied on domestic properties in the Borough. The banding is based on estimated property values.

Contingent Liability/Asset
Either:

- A possible obligation/benefit arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or

- A present obligation/benefit arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

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

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

Corporate Performance Assessment (CPA)
CPA is undertaken by the Audit Commission, it assesses the performance of local authorities and the services that they provide for local people. The assessment highlights areas of good practise and also areas where improvement is needed.

Credit Risk
The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

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.

Debtors
Sums of money due to the Council but which are unpaid at the date of the Balance Sheet.

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

Deferred Debtors /Deferred Capital Receipts
Corresponding entries relating to sums due at some time in the future, for example, from the sale of council houses purchased with the help of mortgages granted by the Council.

Department for Children, Schools and Families (DCSF)
The department was renamed the Department for Education in May 2010.

Department for Communities and Local Government (DCLG)
The DCLG is a government department which issues government led initiatives and is a major funding source for local authorities.

Department for the Environment, Food and Rural Affairs (DEFRA)
DEFRA is a government department which integrates environmental, social and economic objectives. DEFRA promotes sustainable development as the way forward for government.

Department for Transport (DfT)
The role of the Department is to determine overall transport strategy and to manage relationships with the Agencies responsible for the delivery of that vision.

Depreciation
An amount charged to the Income and Expenditure Account to represent the reducing value of non-current assets as they are used in the delivery of services.

Expenditure
Costs incurred by the Council for goods received, services rendered or other value consumed during the accounting period, irrespective of whether or not any movement of cash has taken place.

Fair Value
The fair value of financial assets and liabilities can be assessed by calculating the value of the cash flows that are expected to take place over the remaining life of the instruments.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a non-current assets to the lessee.

Financial Instruments
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives. Typical financial instruments are:-

(i) Liabilities
- Trade payables
- Borrowings
- Financial Guarantees

(ii) Assets
- Bank deposits
- Trade receivables
- Loans receivable
- Investments

Amounts relating to Council Tax, Non-Domestic Rates, Government Grants etc., are outside the scope of the accounting provisions as they are statutory issues, not arising from contracts.

Financial Reporting Standards (FRS)
Financial Reporting Standards are accounting standards which set out the framework and requirements that need to be adopted for certain transactions in the published accounts.

Non-current asset
Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Formula Grant
Comprises revenue support grant, redistributed business rates, and (for relevant authorities) police grant.

General Fund
The main revenue account of the Council into which the Council's precept from the Collection Fund and specific government grants are paid and from which is met the cost of providing services.

Government Grants
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Greater Manchester Integrated Transport Authority (GMITA)
The Authority is made up of 33 elected members appointed each year by the 10 Greater Manchester District Councils. It determines the policies for public transport in the County. The Greater Manchester Passenger Transport Executive (hereafter referred to as the 'Executive') puts the Authority's policies into practice and provides the Authority with expert professional advice to enable it to make appropriate and informed decisions.

Her Majesty's Revenue & Customs (HMRC)
HMRC is the body with the legal responsibility for collecting the bulk of tax revenue.

IFRS – International Financial Reporting Standards
Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organisations can follow when compiling financial statements. The creation of international standards allows investors, organisations and governments to compare the IFRS-supported financial statements with greater ease.

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

Income
Amounts which an authority receives or expects to receive, from any source. Income includes fees and charges, sales and government grants. The term 'income' implies that the figures concerned relate to amounts due within the financial year irrespective of whether or not they were actually received during that year (i.e. on an accruals basis).

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
Non-current assets that do not have physical substance but are identifiable and controlled by the Council, e.g. software, licenses and patents.

Inventory
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

a) Goods or other assets purchased for resale;
b) Consumable stores;
c) Raw materials and components;
d) Products and services in intermediate stages of completion; and
e) Finished goods.

Long term debtors/long term creditors
Debtors and Creditors that are due to be paid over a term greater than one year.

Liquid Resources
Current asset investments that are readily disposable by the Authority 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.

Minimum Revenue Provision (MRP)
Local Authorities are statutorily required to calculate and charge (against General Fund) a minimum sum as a provision for repayment of its credit liabilities (principally sums borrowed to finance capital expenditure).

NNDR
The means by which local businesses contribute to the cost of local authority services. National non-domestic rates are otherwise known as Business Rates.

NNDR Pool
A fund into which are paid business rates collected by local authorities. The proceeds are then redistributed by Central Government to all local authorities on the basis of a per capita amount.

Net Book Value
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for by depreciation.

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

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

Non-Operational Assets
Non-current assets held in the Local Authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Lease
A lease where the risks and rewards of ownership of a non-current asset remain with the lessor. Such a lease will be for a fixed period which is significantly less than the useful economic life of the asset.

This is a method of financing assets which allows the Council to use, but not own an asset. A third party purchases the asset on behalf of the Council, who then pay the lessor an annual rental over the life of the asset. Expenditure financed by operating leasing does not count against capital allocations.

Operational Assets
Non-current assets held and occupied, used or consumed by the Local Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

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

Pooled Budget
Arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that provides an opportunity for partners to bring money together, in a discrete fund, to pay for the services that are an agreed part of the pooled fund arrangement for the client group who are to benefit from one or all of the services. Instead of users being inconvenienced by disputes about Health and Local Authority responsibilities, organisations will agree at the outset the range of Health and Local Government services to be purchased and provided from a pooled fund.

Provisions
Amounts set aside by the Council for liabilities or losses whose exact amount or date on which it will arise is uncertain. They are only used for the purpose for which they are established, and any expenditure is charged directly to the provision.

Prudence
The principle that revenue is not anticipated, but is recognised only when realised, in the form of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Public Works and Loans Board (PWLB)
This is a government agency which provides long term loans to councils at rates lower than would be available commercially.

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

Revenue Contribution to Capital Outlay (RCCO)
Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
This term now replaces the previous term Deferred Charges and represent either expenditure which has been capitalised but does not create a non-current assets for the Authority e.g. improvement grants, or expenditure which creates long-term debtors e.g. mortgages.

Revenue Expenditure
Recurring expenditure on day-to-day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Revenue Support Grant
This is a Central Government Grant in aid of local authority services generally. It is paid annually based on the Governments assessment of how much an authority needs to spend in order to provide a standard level of service.

Royal Institute of Chartered Surveyors (RICS)
The accrediting body for the surveying profession. Surveyors who value our properties must be RICS accredited.

Soft Loan
A loan that is made (for policy reasons, or other) below prevailing market rates, including any interest free loans. Commonly, such loans are to individuals or voluntary organisations in pursuance of locally defined priorities.

Specific Government Grants
These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.

Teachers' Pension Agency (TPA)
The agency administers the Teachers' pension scheme in England and Wales on behalf of the Department for Children, Schools and Families

Trust Funds
Funds administered by the Council on behalf of others, for purpose such as prizes, charities, specific projects, and on behalf of minors.

UK Generally Accepted Accounting Principles (UK GAAP)
The generally accepted accounting principles are the overall principles of regulation in the UK establishing how company accounts must be prepared. These principles not only include accounting standards but UK company law.

Useful (economic) Life
The period over which the Local Authority will derive benefits from the use of an asset.

Greater Manchester Pension Fund Statement of Accounts 2010/11

Greater Manchester Pension Fund

The Management and Membership of the Greater Manchester Pension Fund

Tameside MBC is the statutory Administering Authority for the Greater Manchester Pension Fund (GMPF). The administration and investment performance of GMPF is considered and reviewed every quarter by the Management Panel, which consists of 22 elected Members (16 from Tameside MBC, being the Administering Authority, and 6 from other Greater Manchester local authorities).

The Management Panel is advised in all areas by the Advisory Panel. Each of the 10 Greater Manchester local authorities is represented on the Advisory Panel, and there are 6 employee representatives nominated by the North West TUC. There are also 3 External Advisors who assist the Advisory Panel, in particular regarding investment related issues.

GMPF also has 4 Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. These Working Groups cover:
- Ethics & Audit
- Alternative Investments
- Information Services
- Property

There are 4 Officers to GMPF:
- Executive Director of Pensions – administrator of GMPF and link for Members, Advisors and Investment Managers between meetings
- Chief Executive and Borough Solicitor – responsible for the provision of legal and secretarial services to the Management and Advisory Panels
- Executive Director of Finance – responsible for preparation of GMPF's Statement of Accounts

GMPF's investment strategy is implemented by management arrangements which include 3 external Investment Managers that manage multi asset briefs, with property, venture capital and cash being predominantly managed internally. Subscription is made to the WM Pension Fund Performance Measurement Service in order to judge GMPF's performance relative to market returns and the rest of the pensions industry. In addition to this, GMPF also subscribes to WM's Local Authority Pension Fund Service to enable assessment of its performance relative to all other funds who operate under the same regulations.

GMPF is a statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees other than teachers, firefighters and police officers for whom separate arrangements exist. In addition, other qualifying bodies, which provide similar services to that of local authorities, have been admitted to GMPF.

GMPF operates a defined benefit scheme whereby retirement benefits are based on employees' final remuneration and length of service. It is funded by salary banded variable percentage contributions from employees and variable contributions from employers, which take account of the relationship of assets to liabilities (see Actuarial Review of the Fund – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Superannuation Act 1972.

The membership of GMPF as at 31 March 2011 and the preceding year is shown below:

31 March 2010		31 March 2011
101,851	Contributors	97,218
81,230	Pensioners	84,534
80,285	Deferred Members *	85,271
263,366	**Total Membership**	**267,023**

* 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 2010/11 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 2011.

Fund Account for the Year Ended 31 March 2011

31 March 2010 £000		Note	31 March 2011 £000
	Contributions and benefits		
(122,664)	Contributions from employees	5	(122,741)
(285,922)	Contributions from employers	5	(299,376)
(408,586)			(422,117)
(28,793)	Transfers in (individual)		(15,673)
(437,379)			(437,790)
420,963	Benefits payable	6	458,180
40,452	Payments to and on account of leavers	7	47,128
3,889	Administration expenses (net)	8	3,756
465,304			509,064
27,925	**Net withdrawals from dealings with members**		**71,274**
	Returns on investments		
(228,702)	Investment income	9	(239,059)
(2,497,530)	Reduction/(increase) in market value of investments	11	(413,466)
2,284	Taxation	10	2,702
4,463	(Profit)/loss on foreign currency		(146)
8,362	Investment management expenses (net)	8	11,047
(2,711,123)	**Net (profit)/loss on investments**		**(638,922)**
(2,683,198)	Net increase in the Fund during the year		**(567,648)**
(7,761,564)	Net assets of the Fund at start of year		**(10,444,762)**
(10,444,762)	**Net assets of the Fund at end of year**		**(11,012,410)**

Net Assets Statement as at 31 March 2011

1 April 2009 £000	31 March 2010 £000		Note	31 March 2011 £000
1,743,236	2,480,650	UK equities	11	2,544,174
1,516,139	2,163,797	Overseas equities	11	2,428,792
211,724	458,115	UK fixed interest corporate bonds	11	542,325
114,088	110,581	Overseas fixed interest corporate bonds	11	127,497
123,720	382,543	UK fixed interest government bonds	11	343,403
180,185	201,331	Overseas fixed interest government bonds	11	197,774
366,414	320,391	UK index linked government bonds	11	330,082
107,814	49,861	Overseas index linked government bonds	11	48,632
386,216	364,001	Property	11	339,811
307	2,150	Derivative contracts	11	4,531
2,606,938	3,063,886	Pooled investment vehicles	11	3,203,877
369,680	888,036	Cash and deposits	11	855,545
56,941	203,062	Other investment assets	11	78,569
7,783,402	**10,688,404**	**Investment assets**		**11,045,012**
(347)	(1,580)	Derivative contract liabilities	11	(155)
(35,810)	(261,341)	Other investment liabilities	11	(47,218)
(36,157)	**(262,921)**	**Investment liabilities**		**(47,373)**
22,203	26,636	Current assets	11	24,799
(7,884)	(7,357)	Current liabilities	11	(10,028)
14,319	**19,279**	Net current assets		**14,771**
7,761,564	**10,444,762**	**Net assets of Fund**		**11,012,410**

Notes to Greater Manchester Pension Fund

1. Notes to the Accounts

From 31 March 2011 GMPF is 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 2010/11 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy. This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF, which does take account of pension and benefit obligations falling due after the year end, is outlined in the Note 22. These financial statements should be read in conjunction with that information.

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred, not as it is received or paid, with the exception of property income and transfer values. Transfer values are recognised on a received or paid basis. Property income is recognised on a due date for payment basis.

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

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

Accrued Investment Income: Accrued investment income has been categorised within investments in accordance with the Pensions Statement of Recommended Practice (SORP) (Revised May 2007).

Foreign Income: Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2011

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 2011 determined as follows:

At 31 March 2011	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct Property	Independent valuations for freehold and leasehold properties; the main property portfolio has been valued by Drivers Jonas Deloitte, Chartered Surveyors, as at 31 December 2010 subsequently adjusted for transactions undertaken between 1 January 2011 and 31 March 2011. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2011 by GVA.	Freehold and leasehold properties valued on open market basis. Valuation carried out in accordance with the principles laid down by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.
Indirect property	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	

Private equity and infrastructure	Valuation in accordance with British Private Equity and Venture Capital Association guidelines/International Private Equity and Venture Capital Valuation guidelines or equivalent.	Earnings multiples, public market comparables and estimated future cash flows.
Special opportunities portfolio	The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS).	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 judgements, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis.
Cash and other net assets	Value of deposit or value of transaction	

Financial instruments at fair value through the fund account: Financial assets and liabilities are stated at fair value as per the Net Assets Statement which is prepared in accordance with the Pensions SORP (Revised May 2007), requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are designated as at fair value through the fund account are recognised in the fund account as they arise. The carrying values are therefore the same as fair values.

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

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

Interest on Property Developments: Interest on property developments is accounted for within the property asset values.

Investment Management Expenses: Investment management expenses are shown within the fund account on page 155. These costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3-yearly calculations. It is GMPF policy to accrue, on a prudent basis, for any performance fees which are considered to be potentially payable.

Net (Profit)/Loss on Foreign Currency: Net (profit)/loss on foreign currency comprises the change in value of short-term deposits due to exchange rate movements during the year.

3. Valuation of Financial Instruments carried at Fair Value

The table below provides an analysis of the financial assets and liabilities of GMPF that are carried at fair value in the GMPF net asset statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in note 11.

	At 31 March 2011			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	4,972,966	0	0	4,972,966
Fixed interest	0	1,210,999	0	1,210,999
Index linked	0	378,714	0	378,714
Derivatives	4,531	0	0	4,531
Pooled investment vehicles	0	2,885,001	318,876	3,203,877
Financial liabilities:				
Derivatives	0	(155)	0	(155)

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1
Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

Level 2
Level 2 prices are those other than Level 1 that are observable eg 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.

This is the first year of reporting this analysis of valuation.

There were no transfers during the year between any of the levels. A reconciliation of fair value measurements in Level 3 is set out below.

31 March 2010 £000		31 March 2011 £000
212,134	Opening balance	231,950
38,869	Acquisitions	82,428
(7,286)	Disposal proceeds	(28,617)
0	Transfer out of level 3	0
	Total gains/(losses) included in the fund account	
1,730	- on assets sold	4,210
(13,497)	- on assets held at year end	28,905
231,950	**Closing balance**	**318,876**

GMPF has cash, other investment assets and liabilities which will mature in the next 12 months. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

4. Financial risk management

The nature of GMPF's activities exposes it to a variety of financial risks:

- Market risk – the possibility that financial loss might arise for GMPF as a result of changes in such measures as interest rates and stock market movements;
- Mismatch risk – the value of GMPF's assets is unlikely to move in line with changes in the value of the pension liabilities;
- Credit risk – the possibility that other parties might fail to pay amounts due to GMPF; and
- Liquidity risk – the possibility that GMPF might not have the funds available to meet its commitment to make pension payments.

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.

The Funding Strategy Statement is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.
The Funding Strategy Statement is reviewed in detail at least every three years in line with triennial valuations being carried out, with the next full review due to be completed by 31 March 2014.

GMPF's approach to risk measurement and management is set out in its Statement of Investment Principles. The Management Panel recognises that risk is inherent in any investment activity. The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (eg in operational matters), and to otherwise limit risk to prudently acceptable levels (eg in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its Statement of Investment Principles.

Some risks lend themselves to being measured (eg using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks has not changed throughout the course of the year.

Market risk

Interest rate risk
GMPF is exposed to risk in terms of its exposure to interest rate movements on its investments and its pension liabilities. Movements in interest rates have a complex impact on the GMPF. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to GMPF's account as investment income will rise;
- Investments at fixed rates – the fair value of the assets will fall; and
- Pension liabilities will fall as the cost of future pension payments are discounted using a higher discount rate.

An illustration of GMPF's exposure to movements in interest rates arises from its cash balances. At 31 March 2011 if base rate had been 1% higher, with all other variables held constant, the financial effect would be an increase in interest receivable of £10 million.

The impact of a fall in interest rates would be pro rata to the above but with the movement being reversed.

Price risk
GMPF has direct shareholdings to the value of £5 billion and equity pooled investment vehicles of £2 billion. GMPF is exposed to gains and losses arising from movements in the prices of the shares.

GMPF seeks to limit it exposure to price movements by diversifying its portfolio as explained in its Statement of Investment Principles.

The equity shares of £7 billion are all classifiable as being 'at fair value through the fund account' meaning that all movements in price will be reported in the fund account and impact on the net increase or decrease in GMPF's value during the year.

A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £350 million gain or loss being recognised in the movement in market value of investments for the year to 31 March 2011.

Foreign exchange risk
GMPF has substantial overseas investments which are denominated in foreign currencies and thus has exposure to gains and losses arising from movements in exchange rates.

GMPF has a number of Forward Currency contracts (see analysis in note 11) which seek to hedge some exposures to foreign currency back to Sterling.

Overseas investments

31 March 2010 £000			31 March 2011 £000
2,163,797	Equities	- overseas quoted	2,428,792
201,331	Fixed interest	- overseas public sector quoted	197,774
110,581		- overseas corporate quoted	127,497
49,861	Index linked	- overseas public sector quoted	48,632
490,953	Managed funds	- overseas quoted equity	397,832
0		- overseas corporate bonds	11,395
184,347		- overseas private equity & infrastructure	206,414
3,603		- overseas special opportunities portfolio	16,355
4	Unit trusts	- overseas private equity	2,642
708,056	Insurance policies	- overseas quoted equity	756,596
49,698		- overseas fixed interest	56,855
8,684	Cash	- foreign currency	8,058
3,970,915	**Gross exposure**		**4,258,842**
(36,774)	Foreign currency contracts (net)		(22,474)
3,934,141	**Net exposure**		**4,236,368**

The impact of a 5% movement in the value of foreign currencies against Sterling would be to increase or decrease the value of GMPF by approximately £211 million.

Mismatch risk
The strength of the employers' covenant allows GMPF to take a long term view of its investment strategy. Over the long term, equities are expected to outperform other financial assets such as Government bonds and cash. Thus, GMPF currently has a minimum strategic equity weighting of 60%. In the medium term, it is possible that equity returns are less than those generated by government bonds and this would have a material adverse effect on GMPF's funding level necessitating increases in employer contributions to compensate. GMPF's Actuary periodically undertakes long term modelling and reports to the Panel on this mismatch risk.

The current actuarial valuation assumption is a GMPF return of 1.8% greater than Government bonds. If investment returns were 1% less/more than assumption, this would equate to a change in fund value of £110 million. If this occurred over a prolonged period, the impact would be compounded.

The funding level will also be materially affected by changes in interest rates. A movement in gilt yields of 0.3% would have an impact on funding level of a 5% change, equivalent to approximately £600 million.

Credit risk
The maximum credit risk exposure of GMPF in the event of other parties failing to perform their obligations is detailed below.

31 March 2010 £000			31 March 2011 £000
1,152,570	Fixed interest		1,210,999
370,252	Index linked		378,714
2,150	Derivative contracts		4,531
0	Managed funds	- overseas corporate bonds	11,395
0		- UK special opportunities portfolio	18,729
3,603		- overseas special opportunities portfolio	16,355
193,552	Insurance policies	- UK fixed interest	212,626
135,336		- UK index linked securities	153,116
123,668		- UK corporate bonds	128,859
132,311		- UK cash instruments	139,924
49,698		- overseas fixed interest	56,855
888,036	Cash balances		855,545
(39,000)	Other investment balances and net current assets		46,122
(1,580)	Derivative contract liabilities		(155)
3,010,596	**Maximum credit risk exposure**		**3,233,615**

No account is taken of any collateral held and the maximum exposure to loss is considered to be the value of the investments in the net asset statement.

The historical rates of default are generally very low on highly rated (Investment grade) Government and corporate bonds. According to Moody's, the international credit rating agency, average default rates for (Investment grade) Government bonds and corporate bonds have been 0% and 0.095% respectively for the years between 1983 and 2010. Applying these default rates to GMPF's bond holdings indicates a potential exposure to credit default of less than £1 million as at 31 March 2011.

GMPF's maximum exposure to credit risk in relation to its deposits in banks and financial institutions of £1 billion 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 GMPF's cash deposits. However, GMPF applies strict credit criteria to the institutions in which deposits can be placed and their duration. Over the last 10 years, there have been no losses to GMPF arising from banks failing to repay deposits and there was no evidence as at 31 March 2011 that this was likely to occur.

GMPF manages the credit quality of its fixed interest investments by setting an absolute limit on the amount of corporate bonds (or other corporate debt instruments) which are rated by any reputable rating agency to be below 'investment grade' quality.

Liquidity risk

GMPF had in excess of £990 million cash balances as at 31 March 2011 and other investment balances and net assets of £46 million and commitments of £353 million. The estimated net cashflow after taking account of investment returns will continue to be positive for the next 3 years. There is thus no significant risk that it will be unable to meet its current commitments.
All current liabilities are due to be paid in less than one year.

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 in 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 cashflow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

5. Contributions

31 March 2010 £000		31 March 2011 £000
	From Employer	
(276,435)	Normal	(283,724)
(457)	Augmentation	(238)
(6,359)	Pension strain arising from early retirements	(11,262)
(2,649)	Deficit funding	(3,737)
(22)	Adjustments re prior years	(415)
(285,922)		(299,376)
	From Members	
(122,664)	Normal	(122,741)
(408,586)		**(422,117)**

At the 2007 Actuarial Valuation, GMPF was assessed as fully funded. Contribution increases were phased in over the 3 year period ending 31 March 2011. The phasing results in minimal deficit contributions in aggregate, albeit some employers would have made contributions in excess of their future service rate.

The contribution rates specified in the Actuarial Valuation are minimum contribution rates. Some employers have made voluntary payments in excess of these minimum rates. In addition, a small number of employers are required to make explicit deficit payments – details of these can be found in the 2007 Actuarial Valuation report located at www.gmpf.org.uk.

6. Benefits Payable

31 March 2010 £000		31 March 2011 £000
313,414	Retirement pensions from GMPF	328,343
32,159	Dependants' pensions from GMPF	32,748
345,573		361,091
(22,617)	Reimbursement for payments made on employers' behalf	(21,994)
322,956	Funded pensions paid	339,097
87,492	Retirement grants	108,778
10,515	Death grants	10,305
420,963		**458,180**

7. Payments to and on account of leavers

31 March 2010 £000		31 March 2011 £000
0	Group transfers to other schemes	11,246
40,402	Individual transfers to other schemes	35,834
6	Payments for members joining state scheme	2
(12)	Income for members from state scheme	(11)
56	Refunds to members leaving service	57
40,452		**47,128**

8. Administration and investment management expenses

The costs of administration and investment management are met by the employers through their employer contribution rate.

9. Investment income

31 March 2010 £000		31 March 2011 £000
(43,434)	Fixed interest (corporate and government bonds)	(52,959)
(135,642)	Equities	(141,303)
(9,938)	Index linked	(8,977)
(6,986)	Pooled investment vehicles	(8,827)
(27,891)	Property (net)	(21,815)
(3,572)	Interest on cash deposits	(5,005)
1	Stocklending	0
(1,240)	Underwriting	(173)
(228,702)		**(239,059)**

In accordance with FRS 16 Current Tax, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly UBS pooled funds for Emerging Market Equities and UK Small Companies, Capital International pooled funds for Emerging Market Equities and High Yield Bonds, Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund and Standard Life Investments UK Property Development Fund in which GMPF invest have income automatically reinvested with that fund.

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2010/11 amounts to £2,702,000 (2009/10 £2,284,000) and is shown as a tax charge.

As Tameside MBC was 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

Value at 1 April 2009 £m		Purchases £m	Sales £m	Change in fair value £m	Value at 31 March 2010 £m
	Designated as at fair value through the fund account				
3,260	Equities	1,748	(1,890)	1,526	4,644
630	Fixed interest	1,306	(872)	89	1,153
474	Index linked	29	(160)	27	370
386	Property	2	(9)	(15)	364
0	Derivatives	8	(9)	2	1
2,607	Pooled investment vehicles	321	(733)	869	3,064
7,357		3,414	(3,673)	2,498	9,596
	Loans and receivables				
370	Cash				888
35	Other investments and net assets				(39)
7,762	**Total**				**10,445**

Value at 1 April 2010 £m		Purchases £m	Sales £m	Change in fair value £m	Value at 31 March 2011 £m
	Designated as at fair value through the fund account				
4,644	Equities	1,953	(1,770)	145	4,972
1,153	Fixed interest	1,503	(1,444)	(1)	1,211
370	Index linked	111	(113)	11	379
364	Property	10	(42)	8	340
1	Derivatives	5	(8)	6	4
3,064	Pooled investment vehicles	289	(392)	243	3,204
9,596		3,871	(3,769)	412	10,110
	Loans and receivables				
888	Cash				856
(39)	Other investments and net assets				46
10,445	**Total**				**11,012**

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

Transaction costs are included in the cost of purchases and sale proceeds. They include costs directly charged to the scheme such as fees, commissions, stamp duty and other fees. The value of transaction costs incurred during the year amounted to £4,942,000 (2010 £3,995,000). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme.

Equities

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
1,743,236	2,480,650	UK quoted	2,544,174
1,516,139	2,163,797	Overseas quoted	2,428,792
3,259,375	**4,644,447**		**4,972,966**

Fixed interest

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
123,720	382,543	UK public sector quoted	343,403
180,185	201,331	Overseas public sector quoted	197,774
211,724	458,115	UK corporate quoted	542,325
114,088	110,581	Overseas corporate quoted	127,497
629,717	**1,152,570**		**1,210,999**

Index linked

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
366,414	320,391	UK public sector quoted	330,082
107,814	49,861	UK overseas public sector quoted	48,632
474,228	**370,252**		**378,714**

Property

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
375,235	352,325	UK - Main property portfolio	327,975
10,981	11,676	UK - Greater Manchester Property Venture Fund	11,836
386,216	**364,001**		**339,811**

Derivatives

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
		Investment assets:	
307	1,951	Forward Currency contracts	0
0	199	FTSE 100 Index future	4,531
307	2,150		4,531
		Investment liabilities:	
(347)	(1,580)	Forward Currency contracts	(155)
(40)	**570**	**Net (liability)/asset**	**4,376**

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF's objectives in entering into derivative positions are to decrease risk in the portfolio and effectively implement asset allocation decisions.

Contract	Settlement Date	Currency Bought 000	Currency Sold 000	Asset £000	Liability £000
Forward Currency contracts	Within 1 month	GBP 4,874	EUR 5,625	0	(105)
Forward Currency contracts	Within 1 month	GBP 17,600	USD 28,285	0	(50)
				0	**(155)**

Futures	Settlement Date	Economic Exposure	Market Value
		£000	**£000**
FTSE 100 Index Future	Within 3 months	95,800	4,531

The above tables analyse the derivative contracts held by maturity date. The Forward Currency contracts are all traded on an over the counter basis and the UK FTSE Future contract is exchange traded. The Forward Currency contracts are to hedge exposures to foreign currency back into Sterling and Futures contracts are used to ensure efficient portfolio management.

Pooled investment vehicles

1 April 2009 £000	31 March 2010 £000			31 March 2011 £000
64,202	71,979	Managed funds	-property	84,741
322,996	490,953		-overseas quoted equity	397,832
0	0		-overseas corporate bonds	11,395
37,893	43,998		-UK private equity & infrastructure	75,442
174,237	184,347		-overseas private equity & infrastructure	206,414
0	0		-UK special opportunities portfolio	18,729
0	3,603		-overseas special opportunities portfolio	16,355
82,850	95,083	Unit trusts	-property	104,103
5	4		-overseas private equity	2,642
23,912	26,579	Insurance policies	-property	28,725
741,990	804,719		-UK quoted equity	809,523
150,794	193,552		-UK fixed interest	212,626
106,618	135,336		-UK index linked securities	153,116
90,146	123,668		-UK corporate bonds	128,859
99,213	132,311		-UK cash instruments	139,924
674,282	708,056		-overseas quoted equity	756,596
37,800	49,698		-overseas fixed interest	56,855
2,606,938	**3,063,886**			**3,203,877**

Cash

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
353,381	879,352	Sterling	847,487
16,299	8,684	Foreign currency	8,058
369,680	**888,036**		**855,545**

Other investments balances and net assets

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000
22,791	163,860	Amounts due from broker	37,372
16,498	16,775	Outstanding dividends and recoverable withholding tax	18,243
17,001	22,030	Gross accrued interest on bonds	22,248
651	397	Other accrued interest and tax reclaims	706
56,941	**203,062**	**Other investment assets**	**78,569**
(35,810)	(261,142)	Amounts due to broker	(42,575)
0	(199)	Variation margin	(4,531)
0	0	Irrecoverable withholding tax	(112)
(35,810)	**(261,341)**	**Other investment liabilities**	**(47,218)**
		Employer contributions:	
18,988	22,248	- Main scheme	21,698
38	36	- Additional pensions	128
1,076	363	Property	65
2,101	3,989	Other	2,908
22,203	**26,636**	**Current assets**	**24,799**
(2,484)	(2,574)	Property	(2,275)
(1,568)	(1,668)	Employer contributions - additional pensions	(1,642)
(3,077)	(2,561)	Admin & Investment management expenses	(5,204)
(755)	(554)	Other	(907)
(7,884)	**(7,357)**	**Current liabilities**	**(10,028)**
35,450	**(39,000)**	**Other investment balances and net assets**	**46,122**

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund.

31 March 2010 £000		31 March 2011 £000
11,676	Greater Manchester Property Venture Fund	11,836

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 2010 £000		31 March 2011 £000
320,391	Index linked	330,082
31,848	Cash	15,571
1,561	Other investment balances	1,632
353,800	**Net**	**347,285**

14. Summary of manager's portfolio values at 31 March

2010			2011	
£m	%		£m	%
		Externally managed		
4,971	47.6%	USB Global Asset Management	5,235	47.5%
2,068	19.8%	Legal & General	2,216	20.1%
1,568	15.0%	Capital International	1,697	15.4%
12	0.1%	GVA	12	0.1%
8,619	82.5%		9,160	83.1%
		Internally managed		
238	2.3%	Private equity	319	2.9%
354	3.4%	Designated funds	347	3.2%
546	5.2%	Property	546	5.0%
688	6.6%	Cash, other investments and net assets	640	5.8%
1,826	17.5%		1,852	16.9%
10,445	**100.0%**	Total	**11,012**	**100.0%**

15. Concentration of investment

As at 31 March 2011, GMPF held 20.1% of its net assets in an insurance contract with Legal & General Assurance (Pensions Management) Limited. It is a linked long term contract under Class III of Schedule 1 of the Insurance Companies Act 1982 and not a "with profits" contract.

The entire value of the policy can be realised after one month's notice and future premiums are payable at GMPF's discretion. The policy document has been issued (policy number MF32950) and the value is incorporated in the Net Asset statement within pooled investment vehicles across the following underlying asset classes:

31 March 2010 £000		31 March 2011 £000
725,669	UK equities	768,530
708,056	Overseas equities	756,596
193,552	UK fixed interest	212,626
123,668	UK corporate bonds	128,859
49,698	Overseas fixed interest	56,855
135,336	UK Index linked	153,116
132,311	UK cash instruments	139,924
2,068,290		**2,216,506**

16. Notifiable interests

As at 31 March 2011 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

	UK Equity %
Dixons Retail PLC	6.5
HMV Group PLC	7.3
Kesa Electricals PLC	4.0
Molins PLC	7.4
Scapa Group PLC	3.1
STV Group PLC	8.2
William Hill PLC	3.6
Yule Catto & Co PLC	3.1

17. Commitments

31 March 2010 £000			31 March 2011 £000
0	Property	Commitments regarding refurbishment works	1,519
184,158	Indirect private equity and infrastructure managed funds	Commitments to funds	219,339
138,824	Special opportunities portfolio managed fund	Commitments to funds	107,138
10,900	Property managed fund	Commitments to funds	19,820
0	UK fixed interest and UK cash instruments insurance policy	Commitments to invest	5,637
333,882			**353,453**

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 £4,961,000 on behalf of the GMPF and paid HMRC VAT (net) of £1,431,000. Total payments due to Tameside MBC, therefore, amounted to £6,392,000 (2009/10 £6,421,000). GMPF reimbursed Tameside MBC £6,162,000 for these charges and there is a creditor of £230,000 owing to GMPF at the year end (2009/10 £69,000 within Debtors). This creditor has been settled since the year end.

The Executive Director of Finance responsible for the preparation of GMPF's Statement of Accounts is also the Executive Director of Finance of Tameside MBC.

Under legislation introduced in 2003/04, Councillors are entitled to join the pension scheme. Councillor J Pantall, member of the GMPF Management Panel, and Employee representatives S Fraser and F Llewellyn all received pension benefits from GMPF during the financial year. In addition, the following Councillors, members of the GMPF Management and Advisory Panels, and Employee representatives made contributions to GMPF during the financial year:

K Quinn	JC Taylor
D Buckley	A Mitchell
GP Cooney	L Thompson
A Doubleday	A Mulryan
J Fitzpatrick	J Thompson
J Lane	M Baines
M Smith	M Rayner

Each member of the GMPF Management and Advisory panels and Working Groups formally considers declarations of interest at each meeting.

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).

GMPF has an investment in Elisabeth House Manchester Joint Venture unit trust which, at 31 March 2011, was valued at £6,000,000. Peter Morris, Executive Director of Pensions, GMPF is a director of the Elisabeth House Manchester General Partner. He receives no remuneration for this position.

19. Employer related investment

Greater Manchester Property Venture Fund includes a standing investment of office accommodation leased to Wigan MBC. It is valued at £2,660,000 as at 31 March 2011 (2009/10 £2,780,000) and is included in the Property category within the net asset statement.

20. Contributions received and benefits paid during the year ending 31 March 2011

	Contributions Received £m	Benefits Paid £m
Bolton Borough Council	(29.1)	33.1
Bury Borough Council	(17.9)	18.9
Manchester City Council	(55.6)	75.1
Oldham Borough Council	(25.3)	27.3
Rochdale Borough Council	(26.0)	28.1
Salford City Council	(26.2)	31.1
Stockport Borough Council	(22.2)	23.8
Tameside Borough Council (administering authority)	(23.7)	31.3
Trafford Borough Council	(17.5)	18.2
Wigan Borough Council	(27.5)	33.0
Other scheme employers *	(92.6)	68.1
Admitted bodies *	(58.5)	70.2
	(422.1)	**458.2**

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2010/11 which will be available at www.gmpf.org.uk, following the GMPF Annual General Meeting in September 2011.

21. Statement of Investment Principles and Funding Strategy Statement

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

22. Actuarial Review of the Fund

GMPF's last Actuarial valuation was undertaken as at 31 March 2010. A copy of the valuation report can be found on the GMPF website – www.gmpf.org.uk. The funding policy is set out in the Funding Strategy Statement (FSS) dated 4 March 2011. 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 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 2010 were valued at £10,445 million, were sufficient to meet 96.4% of the present value of promised retirement benefits earned. The resulting deficit was £390 million.

The key financial assumptions adopted for the 2010 valuation were:

	31 March 2010	
Financial Assumptions	**Nominal % p.a.**	**Real % p.a.**
Discount Rate	6.3%	3.0%
Pay Increases*	4.8%	1.5%
Price Inflation/Pension increases	3.3%	-

*plus an allowance for promotional pay increases. Short term pay growth was assumed to be 1% p,a, for 2010/2011, 2011/2012 and 2012/2013, reverting to 4.8% p.a. thereafter.

The liabilities were assumed 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

Until September 2008, GMPF's custodian, JP Morgan, was authorised to release stock to third parties under a stocklending agreement. Under the agreement, GMPF did not permit JP Morgan to lend UK or US equities.

GMPF's stocklending agreement with JP Morgan was suspended on 19 September 2008. Consequently, there was no stock lent out and no collateral received against stock lent as at 31 March 2011 (2009/10 £nil).

With effect from 20 May 2011, the suspension was lifted and the programme recommenced on generally slightly more restrictive terms, the only exception being that GMPF now accepts “cash-in-lieu” as collateral on a time restricted basis in the unlikely event that this is required under market norms. Any such “cash-in-lieu” collateral is not reinvested.

24. AVC Investments

GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).
The scheme provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

Contributions paid	£6,764,932
Units purchased	824,679
Units sold	594,380
Market value as at 31 March 2011	**£66,545,564**
Market value as at 31 March 2010	£67,191,406

25. Actuarial present value of promised retirement benefits

CIPFA’s Code of Practice on Local Authority Accounting 2010/2011 requires administering authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 Accounting and Reporting by Retirement Benefit Plans refers to as the actuarial present value of promised retirement benefits.

This value has been calculated by GMPF’s Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority’s IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2010/2011.

Financial assumptions

31 March 2010 % p.a.	Year ended:	31 March 2011 % p.a.
3.8%	Inflation/pension increase rate*	2.8%
5.3%	Salary increase rate**	4.3%
5.5%	Discount rate	5.5%

* pension increase assumption this year based on Consumer Prices Index(CPI) rather than Retail Prices Index (RPI) which has reduced the estimated respective liabilities.

** salary increases are 1% p.a. nominal for the years to 31 March 2011, 31 March 2012 and 31 March 2013 reverting to 4.3% p.a. thereafter.

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in the Medium Cohort and a 1% underpin from 2010. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.1 years	22.9 years
Future pensioners***	22.5 years	25.0 years

*** future pensioners are assumed to be currently aged 45

Historic mortality

Life expectancies for the below year ends are based on PFA92 and PMA92 tables. The allowances for future life expectancies are shown in the table below.

Year ended	Prospective Pensioners	Pensioners
31 March 2010	year of birth, medium cohort and 1% p.a. minimum improvements from 2007	year of birth, medium cohort and 1% p.a. minimum improvements from 2007

Age ratings and loadings are applied to the above tables based on membership profile.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Balance sheet

1 April 2009 £m	31 March 2010 £m	Year ended:	31 March 2011 £m
9,030	14,925	Present value of promised retirement benefits	12,179

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2010. No allowance has been made for unfunded benefits.

It should be noted that the above figures are appropriate only for preparation of the accounts if GMPF. They should not be used for any other purpose.