

# The Annual Audit Letter for Tameside Metropolitan Borough Council (including Greater Manchester Pension Fund)

---

**Year ended 31 March 2015**

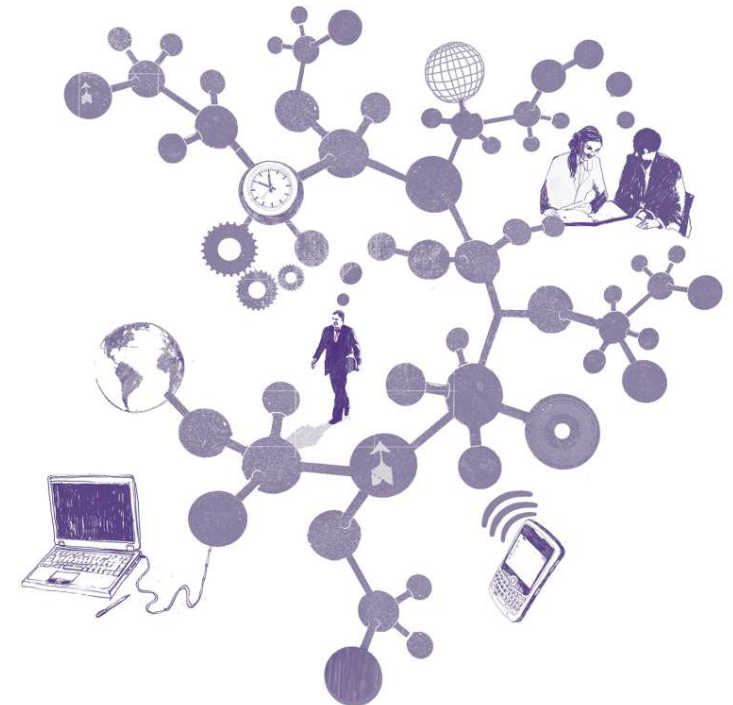
19 October 2015

**Mark Heap**  
Engagement Lead  
T 0161 953 6900  
E [mark.r.heap@uk.gt.com](mailto:mark.r.heap@uk.gt.com)

**Gareth Mills**  
Engagement Manager  
T 0113 200 2535  
E [gareth.mills@uk.gt.com](mailto:gareth.mills@uk.gt.com)

**Marianne Dixon**  
Pension Fund Audit Manager  
T 0113 200 2699  
E [marianne.dixon@uk.gt.com](mailto:marianne.dixon@uk.gt.com)

**Mark Stansfield**  
Engagement In-charge  
T 0161 234 6356  
E [mark.stansfield@uk.gt.com](mailto:mark.stansfield@uk.gt.com)



---

# Contents

<b>Section</b>	<b>Page</b>
1. Key messages	[3]
<b>Appendices</b>	
A Key issues and recommendations	[6]
B Summary of reports and audit fees	[7]

# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2015. In addition, the Letter summarises our audit work on Greater Manchester Pension Fund.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plans that we issued for the Council and Pension Fund in April 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments (PSAA) Limited.

<p><b>Financial statements audit (including audit opinion)</b></p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings (ISA260) Report on 21 September 2015 to the Overview (Audit) Panel. The key messages arising from our audit of the Council's financial statements were:</p> <ul style="list-style-type: none"> <li>• the Council updated its presentation of the accounts this year, resulting in an improved structure and flow for the reader. Both the accounts and working papers were of a good standard</li> <li>• our audit did not identify any adjustments affecting the Council's level of useable reserves. The only amendment processed in relation to a primary statement related to a minor change of £262k to the Comprehensive Income and Expenditure Statement (which did not affect the overall deficit on provision of services)</li> <li>• the other amendments identified were only in relation supporting disclosures within the notes to the accounts.</li> </ul> <p>We issued an unqualified opinion on the Council's 2014-15 financial statements on 21 September 2015, ahead of the deadline set by the Department for Communities and Local Government of 30 September. Our opinion confirmed that the financial statements gave a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p> <p>Both the Council and ourselves are committed to further enhancing the accounts and audit process in 2015-16. We will be working closely with the senior finance team in our joint aim to continue to bring forward completion of the accounts audit timetable, in advance of the anticipated move of the national statutory deadline to 31 July by 2018.</p>
<p><b>Whole of Government Accounts</b></p>	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.</p>
<p><b>Audit fee</b></p>	<p>Our audit fee for the Council's 2014-15 accounts was £140,023 whilst the fee for the certification of grant claims and returns was £32,430 (excluding VAT). Our fees were in line with our planned fees for the year and further details are included at Appendix B.</p> <p>For comparison, our fee for 2015-16 has been set at £105,017, representing a 25% reduction for the Council next year.</p>

**Value for Money (VFM) Conclusion**

We issued an unqualified VFM conclusion on 21 September 2015, confirming that the Council continues to have effective arrangements in place to secure economy, efficiency and effectiveness in its use of resources. A summary of our key recommendations and areas of focus arising from our 2014-15 audit work are included below and at Appendix A.

**Financial Resilience:**

The Council has good financial planning and review processes in place, and a track record of delivering financial plans and savings. However, in common with other authorities the Council is continuing to experience real financial pressures to deliver on its medium term financial strategy (MTFS) from 2015-16 onwards.

After a period of managing the challenges of the current local government settlement by delivering outturns in line or ahead of budget, in 2014-15 the Council overspent on its £190m budget by £2.5m (or 1.3%) and did not fully deliver its £13m savings target (achieving £9.5m). Whilst this overspend needs to be considered in the context of an increase in the year of usable reserves of £22m, it nevertheless highlights the financial context in which the Council is operating.

The Council has been proactive in taking difficult decisions in relation to its cost base during the last five years (with over £100m of cost reductions), but this also means that it is becoming more challenging to identify and deliver additional savings. The Council understands the need for continued focus on proposals to deal with expected future funding reductions combined with rising demand for services.

For 2015-16 and 2016-17, budgetary saving requirements total some £38.1m. The difficulties of managing this situation were recently illustrated in the Council's 2015-16 Quarter 1 monitoring report, which showed a projected overspend on the services budget of £12.7m (mainly in relation to demanded adult and children's social care). However, this is mitigated by the 'other cost pressures' contingency balance within the overall 2015-16 budget and included in the Council's MTFS. We will be monitoring the Council's financial position throughout our 2015-16 audit.

**Vision Tameside:**

The Council continues to work with its partners to develop and deliver ambitious plans for investment and regeneration across the Borough - through the Vision Tameside project - including the major developments in Ashton-under-Lyne town centre. We have continued to meet with senior officers throughout the year to consider the progress being made.

There is a level of contingency within the overall budget for the project. However, there are risks around the completion both in terms of construction build costs and furnishing costs. This major regeneration scheme continues to be closely managed but it is important for this on-going close monitoring and reporting to be maintained given the scale and complexity of this scheme.

**Better Care Fund / Integrated Care Organisation:**

The Council is seeking to establish a fully pooled budget and implement a strategic plan to support the transformation of health and social care services within the Borough. The integration plans for Tameside are more ambitious than most local authority areas, with ultimate plans for wider aligned budgets between the Council and CCG of c£300m. As external auditors to both the organisations, we continue to work closely with senior management of both entities, holding joint planning meetings to discuss the accounting and governance issues arising from integration on this scale.

The pooling of funds across health and social care will create a significant opportunity to transform the way that services are commissioned. Ensuring sufficient management capacity is maintained as this is implemented will continue to be an important issue for the Council and its partners. We will continue to work closely with both the Council and the CCG on this issue.

<p><b>Certification of housing benefit grant claim</b></p>	<p>Our work on certification of the claim for Housing Benefit Subsidy for 2014-15 (the only remaining claim at the Council within the scope of the Audit Commission/PSAA certification framework) is ongoing. Our work to date has not identified any significant issues to highlight in this Letter. The deadline for the certification of this claim is 30 November 2015.</p> <p>In addition, at the Council's request we are auditing the Teachers' Pension Return during October and November 2015.</p> <p>Details of the overall findings from our grant certification work will be included in our Grants Certification Report due to be issued to officers in December 2015 and presented to the Audit Panel in early 2016.</p>
<p><b>Greater Manchester Pension Fund Financial Statements and Annual Report</b></p>	<p>The Council is the administrative body for the Greater Manchester Pension Fund (GMPF).</p> <p>We reported our findings arising from the audit of the GMPF's financial statements in a separate Audit Findings (ISA260) Report to the Overview (Audit) Panel on the 21 September 2015. The key messages reported were:</p> <ul style="list-style-type: none"> <li>• we received the financial statements and key supporting working papers in advance of the statutory deadline of 30 June</li> <li>• the draft financial statements were of a good standard</li> <li>• we did not identify any adjustments affecting the Fund's reported financial position, however we agreed a small number of adjustments to improve the presentation of the financial statements.</li> </ul> <p>We issued an unqualified opinion on the GMPF financial statements (contained within the Council's financial statements) on 21 September 2015. Our opinion confirmed that the Pension Fund's financial statements gave a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2015, other than liabilities to pay pensions and benefits, after the end of the fund year.</p> <p>We also reviewed the GMPF's Annual Report and issued an unqualified consistency opinion, confirming that in our opinion, the pension fund financial statements were consistent with the pension fund financial statements included within the annual Statement of Accounts of the Council for the year ended 31 March 2015.</p>

# Appendix A: Key issues and recommendations

This appendix summarises the significant recommendations identified during the 2014-15 audit. These were previously reported to officers and members in our Audit Findings (ISA260) Report to those charged with governance, presented to the Overview (Audit) Panel on 21 September 2015.

No.	Issue and recommendation	Priority	Management response	Responsible Officer and due date
1.	<p><b>Plantation Industrial Unit lease:</b> We noted that the Council took out a finance lease in 2005-06 on Plantation Industrial Estate. The lease charge is £213k per year and has 90 years to run, resulting in gross future cash payments of £19.2m (before discounting).</p> <p>We noted that the Council had valued the building at virtually zero, suggesting it has a worthless asset in relation to which it is currently committed to pay several millions of pounds over a substantial period</p> <p>We recommend the Council should consider formally the value for money offered by this lease, including any alternative options that may be available.</p>	High	The Council is reviewing its overall corporate assets and consideration will be given to the value added from plantation industrial estate.	Ben Jay / Elaine Todd November 2015
2.	<p><b>Follow up of prior year recommendations – the Markazi Jamia mosque constructed in 2011-12:</b> Whilst again the Council can demonstrate progress in implementing the prior year recommendations raised, we note that the mosque in Ashton-under-Lyne - constructed after the previous building had to be demolished to make way for the Northern Bypass - has still to be legally transferred over to the Trustees of the mosque.</p> <p>There is a risk that because legal ownership is yet to formally pass to the Mosque Trustees, the Council could be liable for any structural or internal damages that may occur prior to the legal transfer. We are informed that the Council continues to try to resolve this matter but further action is required.</p> <p>As a result, we have once again raised this issue in the Action Plan and we reiterate to the Council the need to resolve this matter as soon as possible.</p>	High	The Council is continuing to pursue any outstanding issues and is hopeful that a full resolution will be achieved in the near future.	Ben Jay April 2016

# Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees for audit services

	Per Audit Plan £	Actual fees £
Council audit	140,023	140,023
Housing Benefit grant certification fee	32,430	32,430
<b>Total audit fees</b>	<b>172,453</b>	<b>172,453</b>

## Fees for Greater Manchester Pension Fund

	Per Audit Plan £	Actual fees £
Pension Fund audit	62,337	62,337
<b>Total audit fees</b>	<b>62,337</b>	<b>62,337</b>

## Reports issued

Report	Date issued
Audit Fee Letter	April 2014
Audit Plan, including interim findings	April 2015
Pension Fund Audit Plan	April 2015
Audit Findings (ISA260) Report	September 2015
Pension Fund Audit Findings (ISA260) Report	September 2015
Annual Audit Letter	October 2015
Grants Certification Report	due December 2015

## Fees for other services (relating to the Council audit)

Service	Fees £
<b>Audit related services:</b>	
• Teachers Pension Return	4,200
• George Frederick Byrom Trust – charity independent examination	1,500
• Godley Hill project – Regional Growth Fund grant	5,000
• St Petersfield Henry Square project – Department for Business, Innovation and Skills grant	5,000
• St Petersfield Henry Square project – Homes and Communities Agency grant	5,000
<b>TOTAL</b>	<b>20,700</b>
<b>Non-audit related services:</b>	
• None	Nil



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

**[grant-thornton.co.uk](http://grant-thornton.co.uk)**