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OVERVIEW (AUDIT) PANEL

Day: Monday
Date: 11 September 2017
Time: 2.00 pm
Place: Lesser Hall 2 - Dukinfield Town Hall

Item No.	AGENDA	Page No
1.	**APOLOGIES FOR ABSENCE** To receive any apologies for the meeting from Members of the Panel.	
2.	**DECLARATIONS OF INTEREST** To receive any declarations of interest from Members of the Panel.	
3.	**MINUTES** The Minutes of the meeting of the Overview (Audit) Panel held on 31 July 2017 to be signed by the Chair as a correct record.	1 - 4
4.	**AUDIT FINDINGS REPORT (ISA260) - TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND 2016/17** To consider a report of the Assistant Director (Finance).	5 - 84
5.	**ANNUAL GOVERNANCE STATEMENT 2016/17** To consider a report of the Head of Risk Management and Audit Services.	85 - 104
6.	**AUDITED STATEMENT OF ACCOUNTS 2016/17** To consider a report of the Assistant Director (Finance).	105 - 264
7.	**SCRUTINY REPORT - REVIEW INTO THE IMPACT OF BIN SWAP AND DELIVERING FUTURE IMPROVEMENTS TO RECYCLING** To consider a report of the Place and External Relations Scrutiny Panel and Executive Member (Clean and Green).	265 - 284
8.	**REVIEW AND MONITORING ARRANGEMENTS FOR CHILDREN'S SERVICES IMPROVEMENT** To consider a report of the Director Governance and Pensions.	285 - 290
9.	**URGENT ITEMS** To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Charlotte Forrest, Senior Democratic Services Officer on 0161 342 2346 or charlotte.forrest@tameside.gov.uk, to whom any apologies for absence should be notified.

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OVERVIEW (AUDIT) PANEL

31 July 2017

Commenced: 2.00pm **Terminated: 2.35pm**

Present: Councillors: Ricci (Chair), Affleck, Bailey, Bell, Fairfoull, J Fitzpatrick, Pearce, Peet, Taylor and Welsh

Apologies for Absence: Councillor K Quinn

1. DECLARATIONS OF INTEREST

There were no declarations of interest declared by Members.

2. MINUTES

The Minutes of the meeting of the Overview (Audit) Panel held on 21 November 2016 were agreed and signed as a correct record.

3. AUDIT FINDINGS REPORT (ISA260) – TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND 2016/17

Consideration was given to a report of the First Deputy (Performance and Finance) / Assistant Director (Finance), highlighting the key matters arising from Grant Thornton's audit of the 2016/17 financial statements of both Tameside MBC and Greater Manchester Pension Fund, which Grant Thornton was required to report under the Audit Commission's Code of Audit Practice and the International Standard of Auditing.

It was explained that, whilst the Audit was substantially complete, there was still a small amount of work to be done on property valuations, which the finance team was revisiting and a final, complete Audit Findings report would be submitted to the next meeting of the Panel in order to ensure we meet the legal timescales for closure.

RESOLVED
(i) That the content of the report and the Audit work completed to date be noted; and
(ii) That the final and complete Audit Findings report be submitted to the next meeting of the Panel.

4. CAPITAL MONITORING – OUTTURN 2016/17

Consideration was given to a report of the First Deputy (Performance and Finance) / Assistant Director (Finance) summarising the capital monitoring position at 31 March 2017. The report showed projected capital investment of £35.328 million in 2016/17. This was £15.830 million less than the total programmed spend for the year (£51.158 million). Re-profiling of £12.929 million into the next financial year was therefore proposed.

Details of the projected outturn capital investment were shown by service area and Section 3 of the report referred to the most significant scheme variations.

Particular reference was also made to the changes to the approved 3 year capital programme, capital receipts and prudential indicators.

RESOLVED

(i) That the re-profiling to reflect up to date investment profiles is approved;

(ii) That the revised capital programme (including changes) is approved;

(iii) That the capital financing statement for 2016/17 is approved;

(iv) That the 2016/17 capital outturn position be noted;

(v) That the current position in regards to Compulsory Purchase Orders (CPO's) and indemnities is noted; and

(vi) That the capital receipts position is noted.

5. REVENUE MONITORING – QUARTER 4 2016/17

The First Deputy (Performance and Finance) / Assistant Director (Finance) submitted a report detailing the Council's final revenue outturn position for 2016/17 against budgets for the year and showed the net of income and expenditure as a variation to budget. The report demonstrated that at Quarter 4 the Council's overall net revenue expenditure for the 2016/17 financial year was to be £142.2 million compared to a budget for services of £143.4 million, giving a position of £1.234 million less than the budget.

A summary of the annual budget, outturn and variation to budget for each Directorate was provided in the report.

Details were also given of: savings, Council Tax, Business Rates and Sundry Debts, the Capital Outturn position and Care Together programme.

RESOLVED

(i) That the revenue outturn position be noted;

(ii) That the detail for each service area be noted;

(iii) That the changes to revenue budgets, as set out in the report, be approved; and

(iv) That the Capital Outturn position be noted.

6. TREASURY MANAGEMENT ACTIVITIES

Consideration was given to a report of the First Deputy (Performance and Finance) / Assistant Director (Finance) setting out the Treasury Management activities for the financial year 2016/17. As investment rates were lower than external borrowing rates throughout the year, available cash reserves were used to fund internal borrowing on a temporary basis. This resulted in lower than anticipated borrowing costs with an external interest saving of £6.691 million. Investment returns were £0.803 million higher than estimated.

Details were also given of the following:

- Debt;
- Interest Rates;
- Activities 2016/17;
    - Borrowing
    - Rescheduling
    - Year-end position
    - Investments – managing cash flow
    - Interest payable and receivable in the year;
- Current Activities;
- Greater Manchester Metropolitan Debt Administration Fund; and
- Prudential Limits.

RESOLVED

(i) That the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF) be noted;

(ii) The outturn position for the prudential indicators, as appended to the report, be approved; and

(iii) That the counterparty limit for GMPF be increased from £50 million to £75 million.

7. AUDITED STATEMENT OF ACCOUNTS

As there was still a small amount of work to be done in order to complete the Audit (Minute 3 above refers), it was requested that consideration of this item be deferred to the next meeting of the Panel.

RESOLVED

That the report be deferred to the next meeting of the Panel.

8. ANNUAL GOVERNANCE STATEMENT

As there was still a small amount of work to be done in order to complete the Audit (Minutes 3 and 7 above, refers), it was requested that consideration of this item be deferred to the next meeting of the Panel.

RESOLVED

That the report be deferred to the next meeting of the Panel.

9. GRANT THORNTON – ASSURANCE FROM OVERVIEW (AUDIT) PANEL CHAIR AND MANAGEMENT 2016/2017

The Head of Risk Management and Audit Services explained that, Grant Thornton, as part of their risk assessment procedures were required to obtain an understanding of management processes in relation to fraud risk assessment, laws and regulations and going concern consideration as part of their annual audit. The report presented the response to the letters and questionnaires received from Grant Thornton for consideration by the Panel ahead of the document being signed by the Chair of the Panel and the Assistant Director (Finance).

RESOLVED

(i) That the content of the report and the responses detailed in Appendices A and B to the report, be noted; and

(ii) That the schedule be signed by the Chair of the Panel and the Assistant Director (Finance).

10. SCRUTINY REPORT – CARERS IN TAMESIDE

A report was submitted by the Chair of the Integrated Care and Wellbeing Scrutiny Panel, which commented on the Executive response made by Councillor Brenda Warrington (Adult Social Care and Wellbeing) in June 2016 to the Scrutiny review of Carers in Tameside and the recommendations made to support future services, which was concluded in November 2016.

RESOLVED

That the recommendations detailed in Section 8 of Appendix 2 to the report be noted.

11. ANNUAL REPORT OF THE SCRUTINY PANELS 2016/17

Consideration was given to a report of the Director of Governance and Pensions, giving details of the Scrutiny Panels Annual Report, which was published in order to inform the Council and the communities of Tameside about their work during the past year.

RESOLVED
That the content of the report be noted.

12. SCRUTINY ANNUAL WORK PROGRAMME 2017/18

The Director Governance and Pensions, submitted a report detailing the work programmes for the Scrutiny Panels for 2017/18 as follows:

Integrated Care and Wellbeing Scrutiny Panel
1. Homecare Provision
2. Suicide Prevention

Place and External Relations Scrutiny Panel
1. Approach to Community Safety Partnership Working in Tameside (carried from 2016/17)
2. Business Growth

Discussion ensued with regard to the role/remit of the Scrutiny Panels and their work programmes for 2017/18 and, in particular, Members sought clarification with regard to the newly established Voice of the Child Overview Panel and its programme of work going forward.

The Executive Director of Governance and Pensions agreed to submit a report to the next meeting of the Panel, giving further details of the ongoing work of the Scrutiny Panels in their role of reviewing service delivery and identifying improved ways of working. She further explained that a programme of work for the Voice of the Child Overview Panel was currently being considered and that this would be included in the report to the next meeting of the Strategic Planning and Capital Monitoring Panel.

RESOLVED
(i) That the report and Scrutiny Annual Work Programme 2017/18 be noted; and
(ii) That a report be submitted to the next meeting of the Panel detailing the ongoing work of the Scrutiny Panels including the future Work Programme for the Voice of the Child Overview Panel.

13. URGENT ITEMS

The Chair reported that there were no urgent items for consideration at this meeting.

CHAIR

Report To:	**OVERVIEW (AUDIT) PANEL**
Date:	11 September 2017
Reporting Officer:	Councillor J M Fitzpatrick - First Deputy Performance and Finance Ian Duncan - Assistant Executive Director Resources (Section 151 Officer)
Subject:	**AUDIT FINDINGS REPORT (ISA 260) TAMESIDE MBC AND GREATER MANCHESTER PENSION FUND**
Report Summary:	This report highlights the key matters arising from Grant Thornton's audit of the 2016/17 financial statements of both Tameside MBC and Greater Manchester Pension Fund, (**Appendix 3**) which Grant Thornton is required to report under the Audit Commission's Code of Audit Practice and the International Standard of Auditing. This report also incorporates the annual Value for Money conclusion.
Recommendations:	It is recommended that the Panel:- 1. Considers the matters raised in the report. 2. Notes the positive relationship with the audit team and successful progress of the audit. 3. Agrees to the adjustments and presentational changes to the accounts, as detailed in the Audit Findings report (**Appendix 1 and Appendix 3**). 4. Notes the value for money conclusion included in the Audit Findings report (**Appendix 1**). 5. Confirms that the Council has complied with all matters set out in the Letter of Representation and ensure that a signed copy is forwarded to the External Auditor (**Appendix 2 and Appendix 4**).
Financial Implications: **(Authorised by the Section 151 officer)**	The Statement of Accounts sets out full details of the Council's financial position as at 31 March 2017. The audit process ensures that this position is stated clearly and accurately in line with the relevant guidance.
Legal Implications: **(Authorised by the Borough Solicitor)**	This is the annual report/assessment prepared by our external auditors following the audit of the financial statements/accounts and consideration of the Council's financial resilience. It is a key tool is assessing how well the Council is performing in respect of its finance and governance.
Links to Community Strategy:	The Community Strategy has helped determine priorities for Council spending, which is summarised in the 2016/17 Annual Report and Accounts.
Policy Implications:	There are no policy implications flowing from the Statement of Accounts.
Risk Management:	The audit provides external verification of the Council's financial statements.

Access to Information:	The background papers relating to this report can be inspected by contacting the report writer, Julie Hardman, Financial Management : Telephone: 0161 342 4363 e-mail: julie.hardman@tameside.gov.uk

1. BACKGROUND

1.1 The Audit Findings Report (ISA260), as attached at **Appendix 1**, is a standard report delivered by the External Auditors – Grant Thornton.

1.2 The report highlights the key issues following the results of the audit carried out by Grant Thornton on the Council's Statement of Accounts for the year ended 31 March 2017. A separate **Appendix 3** considers the audit of the accounts of the Greater Manchester Pension Fund. Once these have been considered, the audited accounts can be agreed (subject to any further changes that are proposed by the Panel).

1.3 Many of the terms used in the report are defined and have precise meanings. Grant Thornton has guideline formulae which specify the importance of any adjustments they recommend. These are specific to each Council, but any recommended changes must be considered for their individual and overall impact on the accuracy of the accounts as well as for the specific value of the change. For Tameside MBC, amounts around £250,000 or less are regarded as 'trivial'. Amounts which are above this level but (in total) less than about £10 million are described as 'non-trivial. Cumulative amounts above £10 million are regarded as material, although this may vary for different statements.

1.4 The statutory deadline for the production and publication of the draft 2016/17 statement of accounts is 30 June 2017, with external audit and Overview (Audit) Panel sign off by 30 September 2017. However, for the 2017/18 financial year, the statutory deadlines are being brought forward to 31 May 2018 for the draft accounts and 31 July 2018 for the audited accounts. It was therefore decided that the 2016/17 process be brought forward in preparation for these new tighter timescales, so that lessons could be learned on the accelerated process before it comes into effect. Therefore, these accounts are being laid some three weeks earlier than in previous year, and the accelerated timetable has meant that the full documentation and annexes will not be available until the day of the meeting.

2. INTRODUCTION

External Auditor – Grant Thornton

2.1 This is the fifth year that Grant Thornton has audited the accounts. The Panel will be aware that subsequent to the Department for Communities and Local Government announcing that the Audit Commission had been wound up, audit work within the North West Region is now carried out by Grant Thornton.

Financial Statements

2.2 There have been significant changes in the reporting requirements for the 2016/17 accounts. Details of the proposed accounting policies, critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts were outlined to Members in May 2017, in preparation for the closure of the accounts.

2.3 The accounts have been prepared by Officers on behalf of the Council. Following the conclusion of the audit, possible adjustments are recommended to the Panel by Grant Thornton, as set out in the Audit Findings report in **Appendix 1**.

3. OUTCOMES OF THE AUDIT

3.1 This year has again proved to be a very challenging year to close the accounts. The finance team has continued to reduce in size following a service review. In addition, there are both substantial legislative changes to the core financial statements and key prior year re-statements. Efficiencies will be embedded into the closure process for 2017/18 to achieve the earlier statutory publishing deadlines.

3.2 Despite these challenges, the year end closure of the accounts and the subsequent external audit process has again been completed well within the statutory timescales and the conclusion of the audit indicates that the accounts continue to be prepared to a high degree of accuracy and reliability. Members should take considerable reassurance from the reliability of the accounts. Once again, this year the auditors have been very positive about the overall quality of the accounts and they have commented on the high level of support given by Council Officers.

3.3 The audit identified a number of adjustments and presentational changes to the accounts, as detailed in the Audit Findings report prepared by Grant Thornton (attached at **Appendix 1**). Members are advised that none of the adjustments altered the reported surplus on the Council's General Fund Balance. The key changes that were agreed and have been made are set out at pages 11 and 12 of the Audit Findings report. They relate to the correction of the value of operating expenses, (to exclude internal charges) and the main amendment to property revaluations reported incorrectly, which impacted on the Balance sheet and related notes. These changes had no impact on the overall financial position of the Council.

3.4 It should be noted that the absence of any impact from these changes on the General Fund Balance confirms that they are technical and presentational and do not change the financial position of the Council first calculated by Officers.

3.5 Officers are currently reviewing the outcomes of the audit and the recommendations arising from it to identify changes needed to improve the closure process in 2017/18.

4. LETTER OF REPRESENTATION

4.1 **Appendix 2** includes the Council's Letter of Representation for 2016/17 for Tameside and **Appendix 4** for the Pension Fund. The Panel are asked to confirm that the Council has complied with all matters set out in the Letter of Representation and ensure that a signed version is forwarded to the External Auditor.

5. VALUE FOR MONEY

5.1 Grant Thornton is also required to provide a value for money conclusion. The conclusion as set out in Section 3 of the Audit Findings Report (**Appendix 1**) follows a review of the arrangements put in place by the Council to:-

- Secure economy, efficiency and effectiveness in its use of resources;
- Ensure proper stewardship and governance;
- Review regularly the adequacy and effectiveness of these arrangements.

5.2 Grant Thornton is required to give a value for money conclusion based on the following criteria:-

- Proper arrangements for challenging how it secures economy, efficiency and effectiveness.

5.3 The outcome of this detailed review is included in Section 3 of the Audit Findings Report (**Appendix 1)**. The key findings from this are as follows:-

5.4 *“Grant Thornton has determined that except for the matters they have identified in respect of the Ofsted inspection of Children’s Services, the Council had proper arrangements in all specific aspects. Grant Thornton therefore propose to issue a ‘qualified except for’ value for money conclusion stating that the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness in its use of resources.*”

5.5 For the fourth year the Council has been deemed to have adequate arrangements in place, as represented by the green award symbol in the IAS 260 report. Green (the most positive outcome) in all categories demonstrates the Council is well placed to deal with the financial challenges that it is faced with.

5.6 This outcome is extremely positive within the current financial environment. This reemphasises that the authority has the support of officers, members, internal and external audit in ensuring that strong financial management continues.

6. RECOMMENDATIONS

6.1 As set out at the front of the report.

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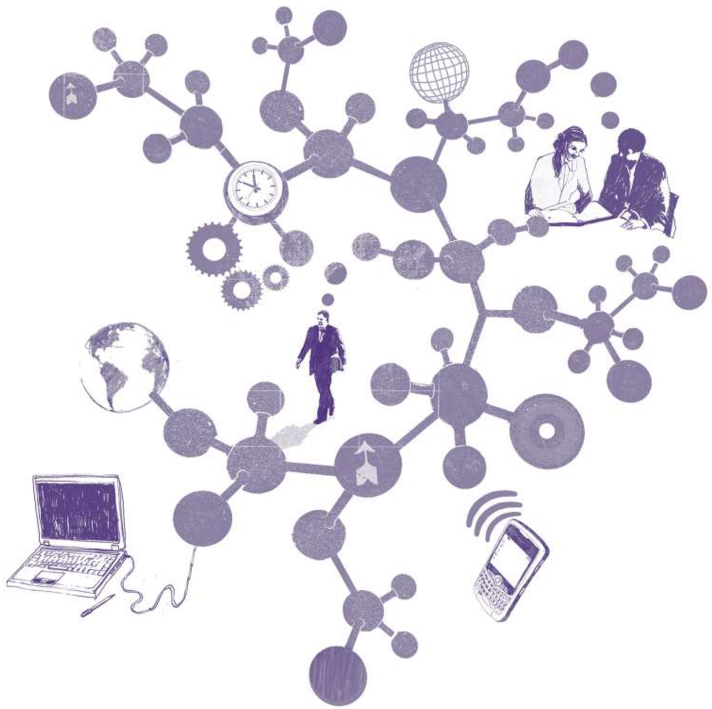
This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

The Audit Findings for Tameside Metropolitan Borough Council

Year ended 31 March 2017

July 2017



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July 2017

Dear Audit (Overview) Panel

Audit Findings for Tameside Metropolitan Borough Council for the year ended 31 March 2017

Page 12

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Tameside MBC, the Overview (Audit) Panel), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Mike Thomas

Engagement Lead

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Section 1: Executive summary

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Purpose of this report

This report highlights the key issues affecting the results of Tameside Metropolitan Borough Council's ('the Council') financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

We are also required to consider other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Council acquired in the course of performing our audit; or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Council has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Council or brought to the public's attention (section 24 of the Act);
- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Council or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the Council and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We have had no recourse to exercise any of the above additional powers and duties.

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 8 March 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- audit work outstanding in the following areas including journals testing, property valuation and other completion procedures
- review of the final version of the financial statements updated for adjustments to property valuation
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion
- Whole of Government Accounts audit

We received initial draft financial statements on 8 June 2017 and draft accounts with accompanying working papers for audit on 21 June 2017. This was later than originally planned but has not impacted on the timing and completion of our audit procedures.

Key audit and financial reporting issues

Financial statements opinion

We have not identified any material adjustments affecting the Council's reported financial position. (To be confirmed subject to amendments to property valuation) The draft financial statements for the year ended 31 March 2017 recorded net cost of services of £157,814k. As a result of amendments to property valuation and valuation losses arising from our audit, the net cost of services reduced to £151,221k and property value reduction of £14,711k on the Balance Sheet. Other audit amendments related to the disclosure notes to the accounts and to improve the overall presentation of the financial statements for the reader.

The key messages arising from our audit of the Council's financial statements are:

- the finance team produced draft accounts and supporting working papers ready for audit on 21 June
- where additional working papers and information were requested during the course of the audit, officers have worked hard to provide prompt responses wherever possible
- management agreed to all the amendments to the accounts recommended during the audit. The main amendment which impacted on the Balance Sheet and related notes concerned property valuation being incorrectly reported.

Further details are set out in section two of this report.

We anticipate providing an unqualified audit opinion in respect of the financial statements (see Appendix B).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes if the Narrative Report and AGS is misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Council’s Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

Value for Money

Our review of the Council's arrangements to secure economy, efficiency and effectiveness has highlighted the following issues which will give rise to a qualified VFM conclusion.

Ofsted published its inspection report on Children's Services in Tameside in December 2016 and judged the service to be inadequate. Ofsted highlighted weaknesses in relation to service delivery, leadership, management and governance.

The Council has responded promptly to the Ofsted Actions and has agreed a multi-agency Improvement Plan which is monitored by an independently chaired Children's Services Improvement Board. The Improvement Plan is backed by significant financial investment to address the issues. It is however too early to conclude that significant progress has been made to address the Ofsted concerns and restore the Council to a satisfactory rating. Failure to continually develop, adopt and implement the Improvement Plan would result in considerable risk to children and families requiring help.

Further detail of our work on Value for Money is set out in section three of this report.

Other statutory powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

Further details of our work on other statutory powers and duties is set out in section four of this report.

Grant certification

In addition to our responsibilities under the Code, we are required to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. At present our work on this claim is in progress and is not due to be finalised until 30 November 2017. We will report the outcome of this certification work through a separate report to those charged with governance later in 2017.

The way forward

Matters arising from the financial statements audit and our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with management.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
July 2017

Section 2: Audit findings

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our Audit Plan, we determined overall materiality to be £9,830k (being 2% of 2015/16 gross revenue expenditure). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £250k. This remains the same as reported in our audit plan.

As we reported in our audit plan, we identified the following items where we decided that separate materiality levels were appropriate. These remain the same as reported in our Audit Plan.

Balance/transaction/disclosure	Explanation	Materiality level
Related party transactions	Due to public interest in these disclosures and the statutory requirement for them to be made. (misstatements will also be evaluated by reference to how material they are to the other party).	£100,000 however errors will be assessed individually, with due regard given to the nature of the error and its potential impact on the materiality of the other party.
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£20,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgements about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
Management over-ride of controls Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.	• review of entity controls • review of journal entry process and selection of unusual journal entries for testing back to supporting documentation • review of accounting estimates, judgements and decisions made by management • review of unusual significant transactions.	Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements. Journals testing to be completed.
The expenditure cycle includes fraudulent transactions Practice Note 10 requires us to consider the risk of material misstatement due to fraudulent financial reporting that may arise from manipulation of expenditure recognition, especially where the body is required to meet targets. For your Council, we have concluded that the greatest risk of material misstatement relates to the completeness of operating expenses and creditor balances.	• substantive testing of expenditure for the year • testing of payables and accrued expenditure including reviewing post year end invoices and payments	We have considered the risk of material misstatement due to fraudulent transactions within the expenditure cycle as set out in Practice Note 10. Our audit work has not identified any evidence of fraudulent transactions within the expenditure cycle.

"Significant risks often relate to significant non-routine transactions and judgemental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgemental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against significant risks continued

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
Valuation of property, plant and equipment The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements with regard to revaluation measurements not being correct.	• review of management's processes and assumptions for the calculation of the estimate • review of the competence, expertise and objectivity of management's expert valuer, Matthews and Goodman • review of the instructions issued to management's expert valuer and the scope of their work • correspondence with the Council's expert valuer about the basis on which the valuation was carried out, challenging the key assumptions • review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding • testing of revaluations made during the year to ensure they were input correctly into the Council's asset register • evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value • evaluation of management's impairment review	Our review has not identified any material errors regarding valuation of property, plant and equipment. Approximately 20% of land and buildings were revalued during 2016/17 which resulted in an overall reduction of PPE values by £10.7m to £541.2m. At the outset of the audit there was an imbalance in the reconciliation between the Fixed Asset Register and General Ledger/accounts. This was resolved during the audit. To be confirmed – management revisiting school revaluation and restating – TBC. Also awaiting response from Matthews and Goodman.
Valuation of pension fund net liability The Council's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.	• identifying the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessing whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement • review of the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation • carried out procedures to confirm the reasonableness of the actuarial assumptions made including the use of an audit expert and considered whether known outturns are within acceptable tolerances to confirm the reasonableness of the actuary's approach • review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary	Our review has not identified any material errors regarding the valuation of the pension fund net liability. The actuarial valuation of the Council's pension scheme liabilities and pension reserve have increased by £20.97m during the year. This is mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. Further details are given in Note 30. The Council agreed to add a narrative disclosure to note 30 to explain the estimation involved in the rolled forward pension fund valuation.

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Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management also uses judgement to estimate accruals of un-invoiced non-pay costs. We identified the completeness of non- pay expenditure in the financial statements as a risk requiring particular audit attention. We also identified creditors being understated or not recorded in the correct period as a risk requiring particular audit attention.	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess whether those controls were in line with our documented understanding • tested a sample of non-pay operating expenses during the year for accuracy and recording in the correct period • tested a sample of creditors and accruals to supporting evidence to ensure they are correctly recorded in the right period and, where possible, to subsequent payment • reviewed post year end payments to identify any unrecorded creditors	Our review has not identified any material errors regarding non-pay operating expenditure or creditors. As reported on page 11, the amendment to school valuation had a corresponding impact on capital charges within expenditure categories. This resulted in a net gain of £6,593k to operating expenditure. We identified an error regarding corporate landlord recharge (£5,893k) and Digital Tameside recharge (£419k) which were not netted from income or expenditure in the accounts. Management adjusted both income and expenditure for these errors with no overall impact on net cost of services.

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

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Audit findings against other risks continued

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Employee remuneration Page 23	Payroll expenditure represents a significant percentage of the Council's gross expenditure. We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention.	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding • performed a trend analysis of payroll costs to identify any unusual or unexpected trends • tested a sample of payroll transactions to confirm accuracy and completeness	Our review has not identified any material errors regarding employee remuneration expenditure.

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

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Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	• NDR and Council tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably • government grants and third party confirmations and donations are recognised as due when there is reasonable assurance that the Council will comply with conditions attached to the payment and the grants or contributions will be received • revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received and the stage of completion of the service can be measured	Revenue recognition policies are in line with the requirements of the Code of Practice on Local Authority Accounting 2016-17 and accounting standards. We have undertaken substantive testing of grants and other revenues and are satisfied that the Council has recognised income in accordance with its accounting policies.	● Green
Judgements and estimates	Judgements and estimates have been considered in a number of areas including: • pension fund valuations and settlements • investments in Manchester Airport Group • financial instruments fair values • provisions and reserves	• the Council has disclosed its significant judgements and estimates appropriately • the Council has appropriately relied on the work of experts for pension fund valuations, for fair value calculations and the valuation of its investment in Manchester Airport Group • our testing of financial instruments has not identified any matters arising • our testing of a sample of provisions and reserves has not identified any matters arising During 2016/17 the Council has reviewed its reserves allocation due to the previous assumption that much of the capital investment programme would be funded from prudential borrowing. However this is no longer considered affordable and therefore the Capital Investment Reserve has seen an increase from £36,649k at 1 April 2016 to £69,210k at 31 March 2017, largely due to a transfer from the Medium Term Financial Strategy Reserve. Members of the Council have been kept updated of the reserves strategy during regular budget and finance reports.	● Green

Assessment
● Marginal accounting policy which could potentially attract attention from regulators
● Accounting policy appropriate but scope for improved disclosure
● Accounting policy appropriate and disclosures sufficient

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Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Judgements - changes to the presentation of local authority financial statements	CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice. The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.	We have undertaken the following work: • reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Council's internal reporting structure • reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS) • tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES • tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger • tested the classification of income and expenditure reported in the new Expenditure and Funding Analysis (EFA) note to the accounts • reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.	● Green
Going concern	The Assistant Executive Director, Resources (s151 officer) has a reasonable expectation that the services provided by the Council will continue for the foreseeable future. Members concur with this view. For this reason, the Council continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Council's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	● Green
Related Parties Review	As part of our interim audit testing we reviewed the Companies House website for information on members of the Executive Cabinet and senior officers (Assistant Executive Directors and above) to identify any related party interests.	At our final accounts audit we compared the Companies House information to the Members and Senior Officers register of interests and disclosures in the financial statements. There are no matters arising that we wish to draw to your attention.	● Green
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice and accounting standards.	The Council's accounting policies are appropriate and consistent with previous years. The Council adjusted its Minimum Revenue Position (MRP) policy for borrowings taken on or after 1 April 2015. MRP is calculated on a straight line basis over 50 years before that date. Borrowing after that date is provided on a straight line over the expected life of the associated asset. Note 8 to the accounts provides a full explanation.	● Green

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Assessment
● Marginal accounting policy which could potentially attract attention from regulators
● Accounting policy appropriate but scope for improved disclosure
● Accounting policy appropriate and disclosures sufficient

Accounting policies, estimates and judgements continued

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Accounting area	Summary of policy	Comments	Assessment
Housing Benefit and Welfare expenditure	The Council includes Housing Benefit income based upon the unaudited submission to central government. As part of our work on expenditure we have reviewed the following on welfare expenditure: • reconciliation of the welfare benefits expenditure system to the general ledger and financial statements; • reconciliation of welfare benefit income to subsidy claim; • substantively tested a sample of 12 welfare benefit payments (rent allowance and non HRA rent rebates); • substantive testing to ensure the welfare benefits system parameters are updated correctly for 2016/17; and • analytical review of benefits paid. These procedures also form part of the Housing Benefit Subsidy Claim audit which has a certification deadline of 30 November 2017.	Our audit has not identified any significant issues in relation to welfare benefit expenditure which would impact on the audit opinion. We will report the findings of our Housing Benefit Subsidy audit in November 2017. Testing to be completed.	● Green
Prior Year Adjustment	The 2015/16 Balance Sheet and associated notes have been re-stated to reflect the removal of New Charter Academy.	New Charter Academy with a value of £37.701m was incorrectly reported in the prior year statements as owned by the Council although ownership had transferred to the Academy.	● Green

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Assessment
● Marginal accounting policy which could potentially attract attention from regulators ● Accounting policy appropriate but scope for improved disclosure ● Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	We have previously discussed the risk of fraud with the Audit (Overview) Panel. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	**Matters in relation to related parties**	From the work we carried out, we have not identified any related party transactions which have not been disclosed
3.	**Matters in relation to laws and regulations**	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	**Written representations**	A standard letter of representation has been requested from the Council (see Appendix A).
5.	**Confirmation requests from third parties**	We requested and received direct confirmations for bank balances from the Council's bankers. For the Council's borrowings we received confirmations direct from PWLB and from Capita in respect of the Council's commercial LOBO borrowings.
6.	**Disclosures**	Our review found no material omissions in the financial statements.
7.	**Matters on which we report by exception**	We are required to report by exception in the following areas if we identify any issues: • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • The information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Council acquired in the course of performing our audit, or otherwise misleading. We have no issues to report.
8.	**Specified procedures for Whole of Government Accounts**	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Council exceeds the specified group reporting threshold of £350m we are required to examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. The deadline for submission of the audited Group Return is 29 September 2017 and we will complete our audit in advance of that deadline. We are satisfied that our review will not have any material impact on our audit opinion or VFM conclusion.

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Internal controls

To update with IT auditor audit findings.

	Assessment	Issue and risk	Recommendations
1.		• TBC	
2.			

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Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

"The purpose of an audit is for the auditor to express an opinion on the financial statements.

Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK&I) 265)

Internal controls – review of issues raised in prior year

As part of our audit we engage the firm's IT specialist auditors to carry out a review of entity level IT controls. Arising from this review were three minor points that management agreed to address which we reported in 2015/16. These related to:

- extending password length to minimum best practice (8 characters);
- improving password complexity to access the Agresso general ledger system; and
- improving the process for removing access to Agresso, Academy and Active Directory.

We do not consider that these matters present a risk to the audit opinion.

NEED TO UPDATE THIS WITH PROGRESS AGAINST POINT 3

Adjusted misstatements TBC

A number of adjustments to the draft accounts have been identified during the audit process. We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year.

	Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £000
1	Revaluation of two PFI assets (XXXX) at 31 March 2017 was incorrectly input to the asset register and the general ledger. Resulting correction for the overstatement in value impacted upon revaluation losses which affected the CIES. Revaluation losses are reported below the Cost of Services on the CIES and therefore do not impact the General Fund. The charge is reversed through the Capital Adjustment Account (CAA) Reserve. There was a corresponding adjustment required to depreciation charges which is also reversed via the CAA .	6,593	14,711	6,593
2	Corporate landlord service income recharge not netted off in the accounts. Corresponding reduction in expenditure.	5,893		Nil
	Digital Tameside income recharge not netted off in the accounts. Corresponding reduction in expenditure.	419		Nil
	Overall impact	**£12,905**	**£14,711**	**£6,593**

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Misclassifications and disclosure changes TBC

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

	Adjustment type	Value £'000	Account balance	Impact on the financial statements
1	Disclosure	-	Note 28 PFI	Update to valuation disclosure of PFI assets to be consistent with revised valuation at 31 March 2017. PFI asset value decreased from 102,620k to £83,305k. Disclosure note only so no impact on primary statements.
2	Disclosure	-	Various	A small number of narrative amendments were made to the accounts and Narrative Report to improve presentation and aid the reader's understanding, including the Council's response to assessing hazardous cladding arising from the Grenfell fire, Note 5 Capital Grants realignment, and other improvements.

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Section 3: Value for Money

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 ('the Act') and the NAO Code of Audit Practice ('the Code') to satisfy ourselves that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2016. AGN 03 identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

AGN 03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment in February 2017 and identified a significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN 03. We communicated these risks to you in our Audit Plan dated 8 March 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

Significant qualitative aspects

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council is responding well to the findings of Ofsted in December 2016 which rated Children's Services as Inadequate. An Improvement Plan has been developed with the creation of an independently chaired multi-agency Children's Services Improvement Board to oversee progress. It is too early to conclude the level of progress made in addressing the Ofsted concerns and when the rating will be restored to a safe level
- The Council has maintained a tight control of its budget and net expenditure at 31 March 2017 was £8.376m less than plan. The medium term financial plan, approved by the Council in February 2017, extends to 2019/20 and requires a further £14.4m of cost savings to be achieved. This is a challenge to the Council given the increase in demand for services and future funding reductions
- The Council has also continued to invest in the Borough with £35.288m capital spend during the year. The Vision Tameside project has continued with £10.134m regeneration investment including Clarendon Sixth Form College, Skills Centre and new Council administration block. Costs continue to be within budget
- The Council is making good progress with the delivery of the Care Together programme, together with the local CCG and NHS Foundation Trust, to transform healthcare in Tameside and Glossop. Resources were pooled into a single Integrated Commissioning Fund (ICF) underpinned by a financial framework which became fully operational on 1 April 2016. The ICF enables single commissioning arrangements for healthcare with decisions made at a Single Commissioning Board

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on pages 24 to 25.

Overall conclusion

Based on the work we performed to address the significant risk, we concluded that:

- except for the matter we identified in respect of the Ofsted inspection of Children's Services, the Council had proper arrangements in all significant respects. We therefore propose to give a qualified 'except for' conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources.

The text of our proposed report can be found at Appendix B.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
Ofsted inspection of children's services Ofsted issued a report on the Council's children's services in December 2016 which rated these as 'inadequate' and the Council is currently subject to a follow up review. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements. Page 35	We reviewed the arrangements the Council has in place to respond to the Ofsted concerns. This included a review of progress made by the Improvement Board and monitoring of the Ofsted action plan. We have reviewed update reports from Ofsted as they become available. We have met with the Director of Children's Services and attended the monthly Children's Services Improvement Board to review progress in responding to the Ofsted concerns.	Ofsted published its inspection report on Children's Services in Tameside in December 2016 and judged the service to be inadequate. Ofsted highlighted weaknesses in relation to service delivery, leadership, management and governance. The Tameside Safeguarding Children Board was judged as " requiring improvement". The Council was already aware of the pressures within the service stemming from an unprecedented increase in service users. Children's Services caseload increased from 1,342 children and young people at 31 March 2016 to 2,753 at 31 March 2017. The 2016/17 budget allocation consequently overspent by £2.8m which was largely to fund additional social workers and placements. The Council has responded promptly to Ofsted's concerns by developing an Improvement Plan and creating a Children's Services Improvement Board to oversee progress. The Improvement Plan was submitted to Ofsted by the 20 March 2017 deadline and incorporated public consultation comments. It also included the views of children and service users under "Voice of the Child". The Improvement Plan is now formally adopted as Council Policy. The Improvement Plan sets out how a fully functioning Children's Service can be delivered, going beyond simply addressing the Ofsted concerns. Delivery of the Improvement Plan is overseen by the multi-agency Children's Services Improvement Board. A Terms of Reference for the Board was prepared and it has met monthly since February 2017. The Board has an independent chair and contains representatives from key stakeholders including an adviser from the Department for Education, Director of Children's Services, Council Leader and Chief Executive, Tameside Hospital, CCG, Police and head teachers to name just a few. The Council is keen to understand what good looks like for each partner agency and progress updates by the Children's Services Improvement Board are presented quarterly to the Executive Cabinet of the Council. The Improvement Plan itself is partnership wide and sets out how the Council and partners across the borough are addressing the Ofsted recommendations to deliver sustainable improvement. The Improvement Plan is framed around six key themes which map to the Ofsted inspection report: • Leadership and strategy • Demand and need • Resources and capacity • Quality, practice and compliance • Outcomes for children • Sustainability

Key findings continued

Significant risk	Work to address	Findings and conclusions continued
Ofsted inspection of children's services Ofsted issued a report on the Council's children's services in December 2016 which rated these as 'inadequate' and the Council is currently subject to a follow up review. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements.	We reviewed the arrangements the Council has in place to respond to the Ofsted concerns. This included a review of progress made by the Improvement Board and monitoring of the Ofsted action plan. We have reviewed update reports from Ofsted as they become available. We have met with the Director of Children's Services and attended the monthly Children's Services Improvement Board to review progress in responding to the Ofsted concerns.	Underpinning each of these key themes is the Voice of the Child which is paramount in ensuring that the needs of children and young people are heard to secure genuine and sustainable improvement. The Improvement Plan is supported by additional recurrent investment of £6m from 2017/18 onwards. This includes investment in Family Group Conferencing, Edge of Care and Care to Success initiatives. The Council recognises that managing the demand for Children's Services is key to delivering sustainable improvement. It is expected that a review of service provision pathways and other initiatives should lead to a reduction in demand in the medium term. This is essential as the increased financial investment is not sustainable in the longer term given decline in resources. Success also depends upon recruiting sufficient Social Workers to deal with service demand. Good Social Workers are in short supply and the Council must compete with neighbouring Boroughs to recruit and fill places whilst controlling costs and not promoting pay inflation. Ofsted has so far carried out two focused follow up monitoring visits during 2017. A review of the Children's Hub took place in February 2017 and Ofsted concluded that some progress was being made. A follow up review of help and protection, with a focus on the safeguarding duty teams by Ofsted in June 2017 reported that only limited progress had been made in addressing the recommendations. It is too early to know when sufficient progress will be made to restore the Ofsted score to a satisfactory rating. The next full Ofsted inspection is not expected until late 2018 at which time overall progress and the quality of the Service will be formally rated again. We consider that the Council has responded appropriately to the issues identified by Ofsted and has created a comprehensive Improvement Plan underpinned by multi-agency independent scrutiny. Working with partners is key to improving the service and ensuring that services are sustainable and not delivered in silos. **Whilst we recognise the swift response of the Council to the Ofsted findings we concluded that as a result of their findings weaknesses remain in the Council's arrangements for managing risks effectively and maintaining a sound system of internal control, demonstrating and applying the principles and values of good governance, and planning, organising and developing the workforce effectively to deliver strategic priorities.**

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Any other matters

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

Section 4: Fees, non-audit services and independence

We confirm below our final fees charged for the audit and provision of non-audit services (Audit Fees TBC)

Fees

	Proposed fee £	Final fee £
Council audit	105,017	105,017
Grant certification – Housing Benefits	24,323	T.B.C
Total audit fees (excluding VAT)	**129,340**	**T.B.C**

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd.

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Grant certification

Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Ltd. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Independence and ethics

Ethical Standards and ISA (UK&I) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:

- We draw your attention to the fact that an ex-Grant Thornton employee currently occupies a senior position within the Council, although we consider this fact has had no bearing on our audit judgement or independence. The appointment commenced on 17 July 2017
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table below summarises all other services which were identified.

Fees for other services

Service	Fees £	Planned outputs
Audit related:		
Teachers' Pension Return	4,200	Independent accountants' certificate
George Frederick Byrom Trust independent examination	1,000	Independent examiners' statement
Non-audit related:		
CFO Insights software provision	10,000	Access to database and support
Total	**15,200**	

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

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Independence and non-audit services

We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place

	Service provided to	Fees	Threat?	Safeguard
CFO Insights Online service allowing rapid analysis of key financial performance data	Tameside Metropolitan Borough Council	£10,000	The fee is a subscription, for an initial three year period (fees £10,000 per annum), and is therefore a high self-interest threat.	The fee for this work is negligible in comparison to the total fee for the audit and in particular the overall turnover of Grant Thornton UK LLP and the Public Sector Assurance service line. It is also a fixed fee with no contingent element. These factors mitigate the perceived self interest threat to an acceptable level.
	TOTAL	£10,000		

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The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

Section 5: Communication of audit matters

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (https://www.nao.org.uk/code-audit-practice/about-code/). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendices

A: Letter of Representation

We are requesting a standard letter of representation from the Council

July 2017

Dear Sirs

Tameside Metropolitan Borough Council
Financial Statements for the year ended 31 March 2017

This representation letter is provided in connection with the audit of the financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the Council's financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the Council financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code") which give a true and fair view in accordance therewith.

We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the Council's financial statements.

The Council has complied with all aspects of contractual agreements that could have a material effect on the Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the Council financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

We are satisfied that the material judgements used in the preparation of the Council financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

Except as disclosed in the financial statements:
- there are no unrecorded liabilities, actual or contingent
- none of the assets of the Council has been assigned, pledged or mortgaged
- there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
All events subsequent to the date of Council financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the Council financial statements.

We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
- additional information that you have requested from us for the purpose of your audit; and
- unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.

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We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the Council financial statements.

We have disclosed to you the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.

We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the Council financial statements.

We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Council's financial statements.

We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the Council financial statements.

Annual Governance Statement
We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report
The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval
The approval of this letter of representation was minuted by the Council's Overview (Audit) Panel at its meeting on 31 July 2017.

Yours faithfully

Signed ……………………………
Ian Duncan, Assistant Executive Director, Resources
Date…………………………….

Signed……………………………
Councillor Ricci, Chair of Overview (Audit) Panel
Date…………………………….

Signed on behalf of the Council

B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

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

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

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

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

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

Opinion on other matters

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

Matters on which we are required to report by exception

We are required to report to you if:

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

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

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

Respective responsibilities of the Authority and auditor

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

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

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

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

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

Basis for qualified conclusion

In considering the Authority's arrangements for securing economy, efficiency and effectiveness we identified the following matter:

In December 2016, Ofsted issued its report on the inspection of Children's Services in Tameside, which judged the service provided by the Authority to be inadequate. The report highlighted a number of issues in relation to service delivery, leadership, management and governance.

The Authority has responded with an Improvement Plan which has been submitted to Ofsted and is being overseen by the multi-agency Tameside Children's Services Improvement Board. At the date of our opinion the Improvement Plan is still in operation and a number of the actions are still being progressed.

The Ofsted assessment of inadequate is evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, except for the effects of the matter described in the Basis for qualified conclusion paragraph, we are satisfied that, in all significant respects, the Authority put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2017.

Delay in certification of completion of the audit

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

To be signed
Mike Thomas
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB
To be dated July 2017

DRAFT

Tameside Metropolitan Borough

GOVERNANCE & PENSIONS

ASHTON-UNDER-LYNE · AUDENSHAW · DENTON · DROYLSDEN · DUKINFIELD · HYDE · LONGDENDALE · MOSSLEY · STALYBRIDGE

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Assistant Director
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Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Doc Ref
Ask for Ian Duncan
Direct Line 0161 342 3864
Date 11 September 2017

Dear Sirs,

Tameside Metropolitan Borough Council
Financial Statements for the year ended 31 March 2017

This representation letter is provided in connection with the audit of the financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:-

Financial Statements

i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code") which give a true and fair view in accordance therewith.

ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

Except as disclosed in the financial statements:-
a there are no unrecorded liabilities, actual or contingent
b none of the assets of the Council has been assigned, pledged or mortgaged
c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

vii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

ix All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

x Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.

xi The financial statements are free of material misstatements, including omissions.

xii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiv We have provided you with:-
a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
b additional information that you have requested from us for the purpose of your audit; and
c unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.

xv We have communicated to you all deficiencies in internal control of which management is aware.

xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xviii We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:-
a management;

b employees who have significant roles in internal control; or
c others where the fraud could have a material effect on the financial statements.

xix We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.

xx We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxi We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.

xxii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxiii We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxiv The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Overview (Audit) Panel at its meeting on 11 September 2017

Yours faithfully
Name…………………………..
Position………………………….
Date…………………………….

Name…………………………..
Position…………………………
Date…………………………….

Signed on behalf of the Council

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APPENDIX 3

The Audit Findings for Greater Manchester Pension Fund

Year ended 31 March 2017

31 July 2017

Mike Thomas
Director / Engagement Lead
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E mike.thomas@uk.gt.com

Marianne Dixon
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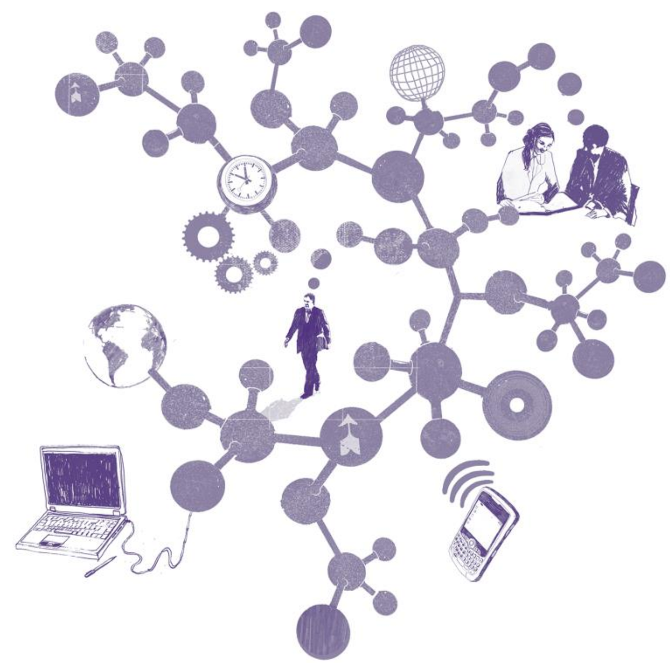

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31 July 2017

Dear Members

Audit Findings for Greater Manchester Pension Fund for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Greater Manchester Pension Fund, the Overview (Audit) Panel of Tameside MBC), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with Management and presented to the Greater Manchester Pension Fund Management Panel.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Mike Thomas

Engagement lead

Contents

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Section 1: Executive summary

Purpose of this report

This report highlights the key issues affecting the results of Greater Manchester Pension Fund ('the Fund') and the preparation of the Fund's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 23 February 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the final version of the financial statements
- review of the final version of the annual report
- completion of our internal review procedures
- obtaining and reviewing the management letter of representation and
- updating our post balance sheet events review, to the date of signing the opinion

We received draft financial statements on 5 June 2017 and accompanying working papers at the commencement of our work on the 12 June 2017, in accordance with the agreed timetable.

Key audit and financial reporting issues

Financial statements opinion

We have identified no adjustments affecting the Fund's reported financial position (details are recorded in section two of this report). Both the draft financial statements and the audited financial statements for the year ended 31 March 2017 recorded net assets of £21.27 billion.

There were no significant issues arising from our work. The draft financial statements provided to audit were of a high quality and supported by good working papers. The finance team responded promptly and knowledgably to audit requests and queries.

We have recommended a very small number of adjustments to improve disclosures and the presentation of the financial statements, further details of which can be seen within section two of this report.

We anticipate providing an unqualified opinion in respect of the Fund's financial statements.

Controls

Roles and responsibilities

The Fund's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Fund.

Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

The way forward

Matters arising from the financial statements audit of the Fund have been discussed with the Assistant Executive Director of Pensions.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
July 2017

Section 2: Audit findings

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This section summarises the findings of the audit, we report on the final level of materiality used and the work undertaken against the risks we identified in our initial audit plan. We also conclude on the accounting policies, estimates and judgements used and highlight any weaknesses found as part of the audit in internal controls. As required by auditing standards we detail both adjusted and unadjusted misstatements to the accounts and their impact on the financial statements.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £173.42 million (being 1% of net assets from the prior year audited statements). We have considered whether this level remained appropriate during the course of the audit and recognised the increase in net assets and revised our overall materiality to £212.71 million (being 1% of net assets reported in the draft financial statements at 31 March 2017).

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £10.64 million. Our assessment of the value of clearly trivial matters has been adjusted to reflect our revised materiality calculation.

As we reported in our audit plan, we identified the following item where we decided that a separate materiality level was appropriate.

Balance/transaction/disclosure	Explanation	Materiality level
Related party transactions	Due to public interest in these disclosures	£20,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
The revenue cycle includes fraudulent transactions Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Greater Manchester Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Pension Fund's administering Authority (Tameside MBC), mean that all forms of fraud are seen as unacceptable.	Our audit work has not identified any issues in respect of revenue recognition.
Management over-ride of controls Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.	In accordance with our audit plan we: • reviewed entity-level controls – including journal environment • performed a walkthrough review of journal entry processes and controls • tested a sample of journal entries to supporting documentation • reviewed accounting estimates, judgements and decisions made by management • reviewed any unusual significant transactions.	Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against significant risks continued

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
Level 3 Investments (Valuation is incorrect) Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	In response to the risk we have: • updated our understanding of your process for valuing Level 3 investments. • performed walkthrough tests of the controls identified in the investments process. • tested a sample of indirect property investments valuations to valuation reports and/or other supporting documentation. • tested a sample of private equity investments valuations to Fund Manager valuations and/or obtained and reviewed the audited accounts at latest date for individual investments and agreed these to the fund manager reports at that date and reconciled those values to the values at 31st March with reference to known movements in the intervening period. • reviewed the qualifications of the fund managers as experts to value the level 3 investments at year end and gained an understanding of how the valuation of these investments has been reached. • reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments.	Our audit work has not identified any issues around the valuation of the Level 3 Investments reported at year end

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investment Income	Investment activity not valid. Investment income not accurate. (Accuracy)	We have undertaken the following work in relation to this risk: • updated our understanding of processes and key controls for investments. • undertaken walkthrough of the key controls to assess whether those controls operated in line with our understanding. • for investments held by fund managers, reviewed reconciliation between JP Morgan, fund managers, HSBC and Pension Fund records, following up any significant variance and gain appropriate explanations/evidence for these. • for other investments (eg direct property), agreed a sample to supporting documentation.	Our audit work has not identified any significant issues in relation to the risk identified
Investment purchases and sales	Investment activity not valid. Investment valuation not correct	We have undertaken the following work in relation to this risk: • updated our understanding of processes and key controls for investments. • undertaken walkthrough of the key controls to assess whether those controls operated in line with our understanding. • for investments held by fund managers, reviewed reconciliation between JP Morgan, fund managers, HSBC and Pension Fund records, following up any significant variance and gain appropriate explanations/evidence for these. • For direct property investments rationalised income against supporting documentation for expected rental income.	Our audit work has not identified any significant issues in relation to the risk identified

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investment values – Level 2 investments	Valuation is incorrect. (Valuation net)	We have undertaken the following work in relation to this risk: • updated our understanding of the Pension Fund's procedures for investments • performed a walkthrough test to gain assurance that the in-year controls were operating in accordance with our documented understanding. • reviewed the reconciliation of information provided by the fund managers, the custodian, the Accounting partner (HSBC) and the Pension Fund's own records and seek explanations for variances.. • for a sample of direct property investments agreed values in total to valuer's report and undertaken steps to gain reliance on the valuer as an expert.	Our audit work has not identified any significant issues in relation to the risk identified.
Contributions	Recorded contributions not correct. (Occurrence)	We have undertaken the following work in relation to this risk: • performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • tested a sample of contributions to source data to gain assurance over their accuracy and occurrence. • rationalised contributions received with reference to changes in member body payrolls and numbers of contributing pensioners and ensured that any unexpected trends were satisfactorily explained.	Our audit work has not identified any significant issues in relation to the risk identified.
Benefits payable	Benefits improperly computed/claims liability understated. (Completeness, accuracy and occurrence)	We have undertaken the following work in relation to this risk: • performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • performed controls testing over completeness, accuracy and occurrence of benefit payments. • tested a sample of pension payments, lump sums, and refunds • rationalised pensions paid with reference to changes in pensioner numbers and increases applied in the year and ensured that any unusual trends were satisfactorily explained.	Our audit work has not identified any significant issues in relation to the risk identified.

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Member Data	Member data not correct. (Rights and Obligations)	We have undertaken the following work in relation to this risk: • performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • performed a reconciliation of member numbers. • tested a sample of changes to member data for new member, leavers and new pensioners made during the year to source documentation.	Our audit work has not identified any significant issues in relation to the risk identified.

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Fund's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	The financial statements include policies for recognition of the following: • Contributions • Investment income • Transfers in to the scheme Contributions and Investment Income are recognised on an accruals basis, whilst transfers in are recognised on a cash basis, with the exception of bulk transfers, which are accounted for on an accruals basis in accordance with the terms of the transfer agreement.	Review of your policies for revenue recognition confirms they are in line with the requirements of the CIPFA Code of Practice and cover all the expected areas in accordance with the Fund's activities. Our testing has confirmed that these policies have been correctly and consistently applied.	● Green
Judgements and estimates	Key estimates and judgements include: • Pension Fund Liability – present value of future retirement benefits • Valuation of investments - unquoted equities, infrastructure and special opportunities.	Our review of your key judgements disclosed in the draft financial statements has confirmed they are complete in accordance with our understanding of the Fund. There have been minor changes to Note 2 on accounting policies to improve the clarity around the fair value of Investments. Our testing has confirmed that the accounting policies in relation to these areas are in accordance with the CIPFA Code of Practice and have been correctly and consistently applied.	● Green
Going concern	Officers have a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Fund's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	● Green

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Assessment

● Marginal accounting policy which could potentially attract attention from regulators ● Accounting policy appropriate but scope for improved disclosure ● Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	• We have previously discussed the risk of fraud with officers and members and have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	**Matters in relation to related parties**	• From the work we carried out, we have not identified any related party transactions which have not been disclosed.
3.	**Matters in relation to laws and regulations**	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	**Written representations**	• A standard letter of representation has been requested from the Fund, which is included in the papers for the Overview (Audit) Panel.
5.	**Confirmation requests from third parties**	• We obtained direct confirmations from your fund managers, custodian and accountancy partner for investment balances and from your bank for your cash balances (outside of the cash held by your fund managers). All of these requests have been returned with positive confirmation.
6.	**Disclosures**	In addition to the items highlighted on page 18 our review found the following regarding disclosures in the financial statements required by the CIPFA Code of Practice on Local Authority Accounting: • a small number of new disclosures for investments measured at fair value and Level 3 investments had not been applied. In particular management considered the new disclosure requirements, specifically in respect of the requirements of paragraph 2.10.4.1 of the Code, as part of the accounts preparation and concluded that these new disclosures were not required because they were either already covered by existing disclosure in the accounts, or, in the case of quantifiable sensitivity disclosures, because consultation with industry experts indicated that the required sensitivity information was not readily available. We are satisfied that the omission of these disclosures is not significant to the overall presentation of the financial statements.
7.	**Matters on which we report by exception**	• We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We have not identified any issues we wish to report.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Investment Purchases and Sales, Investment Valuations – Levels 2 and 3, Contributions, Benefits Payable, and Member Data as set out on pages 10 to 13 within this report.

The controls were found to be operating effectively and we have no matters to report..

Adjusted and unadjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. There were no adjusted or unadjusted misstatements identified as a result of our procedures.

Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

	Adjustment type	Value £'000	Account balance	Impact on the financial statements
1	Disclosure	N/A	Note 3 Classification of financial Instruments	Reclassify Financial Liabilities from Loans and receivables to Financial Liabilities at amortised cost.
2	Disclosure	N/A	Note 25	Correction of typographical error for Value of Promised Retirement Benefits at 31 March 2016 from £24,051m to £23,051m.
3	Disclosure	N/A	Note 2	Minor disclosure to accounting policies to improve clarity
4	Disclosure	N/A	various	Trivial numerical and typographical amendments.

Section 3: Fees, non-audit services and independence

We confirm below our final fees charged for the audit and provision of audit related and non-audit services.

Fees

	Proposed fee £	Final fee £
Pension fund audit	56,341	56,341
IAS 19 fee variation	5,996	TBC
Total audit fees (excluding VAT)	**62,337**	**TBC**

The Pension Fund audit fee for the year is in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

The IAS 19 fee for our responsibilities in providing written assurance (on controls over information over information provided by GMPF to the actuary) to PSAA appointed auditor of admitted bodies has yet to be approved by the PSAA.

Grant Thornton UK LLP also provides audit services to:

- Matrix Homes Limited Partnership for audit fees totalling £10,000;
- Plot 5 First Street GP Limited and Plot 5 First Street Partnership Limited for audit fee of £11,000
- GLIL Infrastructure LLP for audit fee of £8,240;
- GLIL Corporate Holdings Limited for audit fee of £2,000
- GMPF Unit Trust £7,450

These are separate engagements outside the remit of Public Sector Audit Appointments Limited.

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Fund. The table below summarises all non-audit services which were identified.

Fees for other services

Service	Fees £
Audit related services:	Nil
Non-audit services - GMPF related partnerships (see next page)	12,550

Independence and non-audit services

We have considered whether non-audit services might be perceived as a threat to our independence as the Fund's auditor and have ensured that appropriate safeguards are put in place.

	Service provided to	Fees (£)	Threat?	Safeguard
IFRS 102 services	Matrix Homes Limited Partnership GMPF Unit Trust	3,000* 3,000*	No	Separate team
Tax compliance services	GLIL Infrastructure LLP GMPF Unit Trust	1,550 4,000	No	Separate team
Accounts prep and IXBRL tagging	GLIL Infrastructure LLP GMPF Unit Trust	500 500	No	Separate team
	TOTAL	**12,550**		

*Estimated one off fees for IFRS 102 conversion

The above non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor

Section 4: Communication of audit matters

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/)

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (https://www.nao.org.uk/code-audit-practice/about-code/). Our work considers the Fund's key risks when reaching our conclusions under the Code.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendices

A: Audit opinion

We anticipate we will provide the Fund with an unmodified audit report

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

We have audited the pension fund financial statements of Greater Manchester Pension Fund ("the pension fund") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

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

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

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Executive Director, Resources (Section 151 Officer); and the overall presentation of the pension fund financial statements.

In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion:

- the pension fund financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and of the amount and disposition at that date of the fund's assets and liabilities; and
- the pension fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the audited pension fund financial statements.

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

4 Hardman Square
Spinningfields
Manchester
M3 3EB

July 2017

B: Audit opinion on the Annual Report

We anticipate we will provide the Fund with an unmodified audit report

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS INCLUDED IN THE GREATER MANCHESTER PENSION FUND ANNUAL REPORT

The accompanying pension fund financial statements of Greater Manchester Pension Fund for the year ended 31 March 2017 which comprise the fund account, the net assets statement and the related notes are derived from the audited pension fund financial statements for the year ended 31 March 2017 included in Tameside Metropolitan Council's ('the authority')Statement of Accounts. We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated xx July 2017

The pension fund annual report, and the pension fund financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements is not a substitute for reading the audited Statement of Accounts of the Authority.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

The Assistant Executive Director, Resources (Section 151 Officer) responsibilities for the pension fund financial statements in the pension fund annual report

Under the Local Government Pension Scheme Regulations 2013 the Assistant Executive Director, Resources (Section 151 Officer) is responsible for the preparation of the pension fund financial statements, which must include the fund account, the net asset statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Authority Statement of Accounts and the pension fund annual report are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Auditor's responsibility

Our responsibility is to state to you whether the pension fund financial statements in the pension fund annual report are consistent with the pension fund financial statements in the Authority's Statement of Accounts in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

In addition we read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists of the Chair's Introduction, Top 20 Equity Holdings, Investment Report, Financial Performance Report, Actuarial Statement, Scheme Administration, Funding Strategy Statement, Governance Compliance Statement, Investment Strategy Statement and Communications Policy.

Opinion

In our opinion, the pension fund financial statements in the pension fund annual report derived from the audited pension fund financial statements in the Authority Statement of Accounts for the year ended 31 March 2017 are consistent, in all material respects, with those financial statements in accordance with proper practices as defined in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17and applicable law.

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

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

July 2017

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Tameside Metropolitan Borough

GOVERNANCE & PENSIONS

ASHTON-UNDER-LYNE · AUDENSHAW · DENTON · DROYLSDEN · DUKINFIELD · HYDE · LONGDENDALE · MOSSLEY · STALYBRIDGE

Ian Duncan
Assistant Director
Finance

PO Box 304
Ashton under Lyne, OL6 0GA

Call Centre 0161-342-8355
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email: ian.duncan@tameside.gov.uk

Doc Ref
Ask for Ian Duncan
Direct Line 0161 342 3864
Date 11 September 2017

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Dear Sirs,

Greater Manchester Pension Fund
Financial Statements for the year ended 31 March 2017

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Pension Fund ('the Fund') for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2017, and of the amount and disposition at that date of its assets and liabilities, in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code') and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:-

Financial Statements

1. We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code; which give a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members.

2. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.

3. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect error and fraud.

5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

6. We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

7. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

8. Except as disclosed in the financial statements:-

    a. there are no unrecorded liabilities, actual or contingent
    b. none of the assets of the Fund have been assigned, pledged or mortgaged
    c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

9. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

10. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.

11. All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

12. We have considered the disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these disclosure changes and are free of material misstatements, including omissions.

13. We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Information Provided

15. We have provided you with:-

    a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
    b. additional information that you have requested from us for the purpose of your audit; and
    c. unrestricted access to persons from whom you determined it necessary to obtain audit evidence.

16. We have communicated to you all deficiencies in internal control of which management is aware.

17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18. All transactions have been recorded in the accounting records and are reflected in the financial statements.

19. We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Fund involving:-

    a. management;
    b. employees who have significant roles in internal control; or
    c. others where the fraud could have a material effect on the financial statements.

20. We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

21. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

22. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

23. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

24. We have disclosed to you the identity of all the Fund's related parties and all the related party relationships and transactions of which we are aware.

25. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Overview (Audit) Panel at its meeting on 11 September 2017.

Yours faithfully,

………………………………..

Cllr V Ricci, Chair of Overview (Audit) Panel

11 September 2017

……………………………

Ian Duncan, Assistant Director of Finance (Section 151 Officer)

11 September 2017

Signed on behalf of Tameside Council as administering body of the Greater Manchester Pension Fund

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Report To:	**OVERVIEW (AUDIT) PANEL**
Date:	11 September 2017
Reporting Officer:	Ian Duncan – Assistant Director (Finance) Wendy Poole – Head of Risk Management and Audit Services
Subject:	**ANNUAL GOVERNANCE STATEMENT 2016/17**
Report Summary:	To present the Annual Governance Statement for 2016/17 to Members for approval **(Appendix 1)**.
Recommendations:	To approve the Annual Governance Statement for 2016/17, ahead of it being signed by the Executive Leader and Chief Executive.
Links to Community Strategy:	Demonstrates proper Corporate Governance.
Policy Implications:	The Governance Statement demonstrates proper compliance with the Accounts and Audit Regulations 2015.
Financial Implications: **(Authorised by the Section 151 Officer)**	Sound corporate governance and proper systems of internal control are essential for the long-term financial health and reputation of the Council.
Legal Implications: **(Authorised by the Borough Solicitor)**	The production of the statement meets the requirements of the Accounts and Audit Regulations 2015.
Risk Management:	The statement provides assurance that the Council has a sound system of corporate governance in place. It is considered to be an important public expression of how the Council directs and controls its functions and relates to its community.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by:- Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 Corporate Governance is the system by which the Council directs and controls its functions and relates to its community. This is the means by which sound and ethical practice can be assured and unacceptable practice identified and eradicated. Historically there has been a general recognition that all local authorities should be seen to meet the highest standards and governance arrangements that should not only be sound but need to be seen to be sound by the public.

1.2 The issues faced by local authorities in recent years reflecting social, economic, and legislative change have led to new, diverse ways of working as opposed to traditional roles. The common theme that continues to run through Government initiatives is the need for local authorities to review the various systems and processes they have in place for managing both their internal affairs and their relationships with their expanding number of key stakeholders. Together these systems comprise corporate governance.

2. ANNUAL GOVERNANCE STATEMENT

2.1 The preparation and publication of an Annual Governance Statement is necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015. It requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and “following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control”.

2.2 The Annual Governance Statement is based on:-

- Executive Director Assurance Self-Assessments and signed Assurance Statements;
- Head of Audit’s Annual Report;
- Review against the Code of Corporate Governance;
- Review of System of Internal Audit;
- Annual Audit Letter;
- Review of the Role of the Chief Financial Officer;
- Review of the Role of the Head of Internal Audit;
- Corporate Plan; and
- Statutory Inspections.

2.3 The Annual Governance Statement covers both Tameside MBC and the Greater Manchester Pension Fund.

2.4 The Draft Annual Governance Statement was presented to the Senior Management Team for challenge and comments on 2 May 2017 and then presented to the Audit Panel on 30 May 2017. Consultation with Executive Members was undertaken during June 2017. All comments received were incorporated into the document.

2.5 The Draft Annual Governance Statement was then certified by the Assistant Director (Finance), before it was submitted to External Audit for review. Comments received from External Audit have been incorporated and the final version is attached at **Appendix 1** for approval.

2.6 Once approved by the Panel it will be signed by the Executive Leader and Chief Executive on the same day as the Statement of Accounts are signed off.

2.7 The Annual Governance Statement covers the governance framework in place for 2016/17 and up to the date the accounts are signed off by External Audit.

3. RECOMMENDATION

3.1 Members are requested to approve the Annual Governance Statement for 2016/17 ahead of it being signed by the Executive Leader and Chief Executive.

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APPENDIX 1

Annual Governance Statement 2016/2017

This is a signed statement by the Executive Leader and Chief Executive certifying that governance arrangements are adequate and operating effectively within the Council.

Annual Governance Statement 2016/17

1. Scope of Responsibility

Tameside MBC (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in good time, and in a fair, open, honest and accountable way. The Council has approved and introduced a Code of Corporate Governance.

This Annual Governance Statement explains how we have followed the above Code and the requirements of the Accounts and Audit (England) Regulations 2015.

The Council, in accordance with the Local Government Pension Scheme (LGPS) Regulations, which are written by the Department for Communities and Local Government (DCLG) and passed by Parliament, administers the Greater Manchester Pension Fund (GMPF).

The Council delegates the function in relation to maintaining the GMPF to the following:-

- Pension Fund Management Panel
- Pension Fund Advisory Panel
- Pension Fund Working Groups
- The Executive Director of Pensions
- The Local Pensions Board

The Management Panel is chaired by the Executive Leader of the Council and all Panels and Working Groups have elected members from the other nine Greater Manchester Authorities, as the fund is accountable to its member Authorities. The Local Board has an equal number of scheme employer and scheme member representatives. Whilst the GMPF has different governance arrangements to other Council Services (which are all detailed on its website), all officers are employees of the Council and therefore comply with the Council's Code of Corporate Governance and Constitution. Specific reference will not be made to GMPF throughout the Annual Governance Statement, unless appropriate to do so, as it is considered to be part of the Council.

2. The Purpose of the Governance Framework

The Governance Framework comprises the systems and processes, and culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective, services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Council for the year ended 31 March 2017, and up to the date of approval of the annual accounts.

3. Governance Framework

Developing codes of conduct which define standards of behaviours for members and staff and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.

Members and Officers are governed by Codes of Conduct, Cabinet Portfolios, contracts of employment, employment rules and procedures, Professional Codes of Conduct and bound by the Constitution and Code of Corporate Governance. Conflicts of interest are recorded in the minutes of all meetings, where applicable, and a register is maintained for both members and officers by the Monitoring Officer.

The Council is committed to leading on and maintaining the highest standards of behaviour and in support of this hosts and chairs the National Anti-Fraud Network (NAFN). In addition to those mentioned above, documentation to eliminate corruption includes Procurement Standing Orders, Financial Regulations, Terms of Reference, Protocols for Gifts and Hospitality and Standards of Conduct and Ethics.

The Council has a published Whistleblowing Policy on its public website and awareness and updates are provided in the Wire. Allegations received are investigated by either the Monitoring Officer or Internal Audit.

Such guidance is accompanied by training and communications. The work of the Monitoring Officer, Standards Committee and the Standards Panel are fundamental in defining, achieving and monitoring high standards.

Ensuring compliance with relevant law and regulations, internal policies and procedures, and that expenditure is lawful.

All reports to Senior Managers, Board, Panels, Working Groups, Council and for Key/Executive Decisions are subject to review by the Executive Director (Governance, Resources and Pension), as the Monitoring Officer and the Assistant Executive Director (Finance), as the Section 151 Officer. Internal Audit assesses compliance with internal policies on an ongoing basis and annually all members of the Executive Team sign an Assurance Statement and complete a self-assessment checklist, which includes questions on the above issues.

Standing Orders, Financial Regulations and the Scheme of Delegation are all reviewed and updated regularly and presented to the Council for approval. All decisions of the Council are minuted and available on the website. Supporting procedure notes/manuals to manage risks and ensure consistency of approach are updated regularly and checked as part of the internal audit process.

The Medium Term Financial Strategy, the Budget Report and a detailed monitoring regime for both revenue and capital expenditure, together with the Section 151 Officer and Monitoring Officer, ensures that expenditure is lawful. Officers of the Council are well trained, competent in their areas of expertise and governed by rules and procedures. Officers have regular supervision meetings to ensure that performance is satisfactory and the attendance at training seminars/courses ensures that officers are up to date with developments in their areas of expertise.

Documenting a commitment to openness and acting in the public interest.

The Council's Constitution - Access to Information Procedure Rules outlines access to Council meetings, agendas and minutes, so that members of the public can be involved in the governance arrangements of the Council.

In response to the government's desire for increased transparency, the Local Government Transparency Code was published in October 2014 and the Council now produces open data, examples of which are; Expenditure over £500, procurement information, payment of undisputed invoices within 30 days, members allowances, salaries and wages information and fraud data.

Tameside also has a number of Town Councils in place which allow members of the public to participate in the decision making process and the Big Conversation which provides residents and service users the opportunity to express their views and opinions about the services they use and how they can be delivered.

Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

The Council needs to set out a clear vision that members, employees and the public can identify with and help deliver as public services are changing rapidly due to new legislation and funding cuts. The vision detailed below is set out in the Corporate Plan 2016/21which can be found here.

The Council as a representative body exists to maximise the wellbeing and health of the people within the borough:-

- Supporting economic growth and opportunity;
- Increasing self-sufficiency and resilience of individuals and families; and
- Protecting the most vulnerable.

Everything the Council does will aim to make this vision a reality by focusing resources on what matters. The core purpose and values put people at the forefront of services to ensure that every decision made supports economic growth and self-sufficiency. The aim is to work with residents by asking them to take on greater responsibility in their families, communities and area, supporting them when they need help.

No one organisation can achieve the change aimed for on its own. The Council and its partners are committed to working together along with the people of Tameside to achieve lasting change for the borough.

The Care Together Programme Board was established in summer 2015, to ensure the smooth transition from the current to the new system of health and care. Its responsibilities include managing risks; ensuring patient quality and safety is at the heart of all the changes, overseeing the development of the models of care and engaging staff and the public. The Board meets on a regular basis and reports to the Health and Wellbeing Board, the body responsible for improving the health and wellbeing of the people of Tameside and Glossop.

The landscape the Council operates in has changed significantly over the last 5 years and this has impacted significant on how the Council delivers against its objectives. The Spending Review of 2015, the Local Government Finance Settlement and key legislation like the Localism Act and the Care Act have all had implications for the work of the Council.

The development of the Council's strategic approach through the Corporate Plan has been informed by a number of factors not least the following (although this list is not exhaustive):-

- Ongoing engagement between the Council and local people;
- Budget Consultation 2015/16 and 2016/17;

- Big Conversation – service specific consultations to inform service redesign;
- Public Service Reform;
- Greater Manchester Devolution Agreement;
- Greater Manchester Health and Social Care Devolution;
- Care Together (health and social care integration);
- Medium Term Financial Strategy, and
- Vision Tameside.

The Tameside pledges are a commitment to deliver work on a number of priority areas that have been identified as being of importance to Tameside Residents. Each of the pledges is delivered through a bespoke programme of activity centring on areas that local residents tell us are important to them, such as supporting local businesses, cleaning up local grot spots and the improvement of recycling facilities. The pledges are:-

- Honour Our Fallen
- Pothole Buster
- Lots More Lighting
- Big clean Up
- Get Tameside Growing
- Woodland for Wildlife
- Keeping it Green
- Refresh Tameside Works First
- Generation Savers
- Every Child a Coder
- Get Connected
- Silver Surfers
- Healthy Lives
- Mind Your Health
- Dementia Friendly Tameside
- Do more Together

Translating the vision into courses of action for the Council, its partnerships and collaborations.

The Tameside Corporate Plan 2016/21 is the Borough's plan to maximise the wellbeing and health of the people within the Borough. Working with partners across public services, industry, commerce, the community and voluntary sectors the vision is translated into objectives which are detailed service plans, team plans, and individual development plans.

The Care Together Programme and the creation of an integrated system of health and social care brings together Tameside and Glossop Clinical Commissioning Group, Tameside Metropolitan Borough Council and Tameside and Glossop Integrated Care NHS Foundation Trust to reform health and social care services to improve the health outcomes of our residents and reduce health inequalities.

Vision Tameside and Ashton Old Baths are examples of the major projects that the Council has, and is continuing to deliver, with partners that demonstrate that it has translated its vision into objectives.

Educational attainment levels in Tameside are a key priority and 57.3% of pupils achieved 5 or more GCSE's at grades A*-C (including English and Maths) in the 2016 results. 63.1% of pupils achieved an A*-C in both English and Maths which is an improvement of 3% on 2015.

The GMPF helps to support the Council's vision and its objectives are detailed in service plans which are presented to Working Groups and the Management/Advisory Panel. In conjunction with West Yorkshire Pension Fund and Merseyside Pension Fund the Northern Pool has been approved by Government which creates a £35 billion asset pool, providing greater scope to allow the funds to invest in major regional and national infrastructure projects.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Significant improvements in the quality of life for our residents will only be achieved through effective partnership working. This involves working together through a shared vision for the future of the borough, to create a prosperous economy where people learn and achieve, feel safe and healthy, and, take active responsibility for their environment.

The Corporate Plan is the key document that communicates the vision for Tameside, and the delivery of the vision is supported by outcome specific networks, joint teams and partnerships.

In addition to the website, the Council has embraced social media (Facebook, Twitter and Instagram) as modern communication channels to endeavour to reach all sections of the community. Council meetings are webcast and the Executive Leader and Executive Members publish Blogs on the Councils website.

The Tameside Engagement Strategy sets out the way the Council will involve local people in shaping delivery of high quality services across the borough. It aims to help ensure that a co-ordinated and strategic approach to consultation and engagement is undertaken.

Consultation has continued using the Big Conversation which provides residents and service users the opportunity to express their views and opinions about the services they use and how they can be delivered in the future, in light of the financial challenges faced by Tameside.

Accountability is demonstrated by the publication of the Statement of Accounts, the Annual Report in the Citizen Newspaper, the Annual Governance Statement and the review of service plans and the People and Places Scorecard.

Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

The Council has a well-defined decision-making process and Scheme of Delegation, which are documented in the Constitution. It publishes a Forward Plan and all agendas and minutes of meetings can be found on the Council's public website. The Safe and Sound Decision Making Framework in place ensures that good processes are in place for making and implementing decisions, which are informed by good information and data, stakeholder views and an open and honest debate, which reflects the interests of the community.

The robustness of data quality is the responsibility of managers and is reviewed as part of the Internal Audit and External Audit functions. Performance indicators, which are collated centrally, are regularly reported to the Senior Management Team and Members, via the People and Places Scorecard. A Corporate Performance Group chaired by the First Deputy (Performance and Finance) meets regularly and is responsible for; performance management and improvement including the oversight of the People and Places Scorecard, the corporate plan, service planning, and service redesign and review.

Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.

Effective challenge is an integral part of how the Council and its partners manage Tameside. It ensures that the partnership and constituent organisations remain focused on improvement and achievement. Challenge helps to identify areas for benchmarking and the development of best practice. Similarly, it supports individuals and teams further develop their own skills and capacity, which in turn helps to deliver better outcomes for local people.

The Council's approach includes:-

- Peer assessment and challenge;
- Performance Management – People and Places Scorecard;
- Big Conversation and Service Redesign;

- Scrutiny, and
- Risk Management.

Continual improvement has always been at the heart of the organisation and the results can be seen through our sustained record of achievement. In the External Auditor's Audit Letter dated October 2016, the Council received an unqualified Value for Money conclusion, which means that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources and to ensure proper stewardship and governance. The External Auditor noted that:-
"Of particular note is the progress that the Council and partners have made in establishing an Integrated Care Organisation (ICO) to create a sustainable future for health and social care for residents across Tameside. A single commissioning function between the Council and Tameside and Glossop Clinical Commissioning Group became operational in shadow form on 1 April 2016 under the banner of "Care Together".

The Value for Money conclusion assessed by External Audit is based on one single criterion for auditors to evaluate:-

- In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

While planning for the future we remain focused on the present. The need to balance the budget focuses us on service redesign. We ensure service users are engaged and involved, and services they rely on are safeguarded wherever possible. Our Customer Service Excellence award is testament. Tameside gained 100% compliance against all criteria, and eight areas of compliance plus – a discretionary award for 'exceptional best practice'. The report stated "… continued to improve and focus on the development and delivery of customer-focussed services, despite the continuing financial challenges..."

GMPF is leading the way in investment and pooling innovation, particularly in the areas of housing and infrastructure development. Airport City is a joint venture between GMPF, Manchester Airport Group, Carillion and Beijing Construction Engineering Group. The partners are developing over 5 million square feet of hotels, offices, manufacturing, logistics and retail space directly adjacent to Manchester Airport, an ideal gateway to carry out business throughout the UK, Europe and the world.

Defining and documenting the roles and responsibilities of members and management with clear protocols for effective communication in respect of the Council and partnership arrangements.

The Council Constitution sets out the roles and responsibilities of each Executive Member, and the responsibilities delegated to the Chief Executive, members of the Executive Team and senior managers of the Council. It includes the post and responsibilities of the Statutory and Proper Officers.

The Chief Executive for the Council is now the Accountable Officer for the Tameside and Glossop Clinical Commissioning Group and from November 2016 joint management arrangements are now in place to foster closer working.

Protocols for effective communication are in place. Meetings have agendas and minutes published on the Council's Website and a Forward Plan is published. The Executive Leader's Annual Key Note Address, the Corporate Plan, the Citizen Magazine, Scrutiny, Consultation via the Big Conversation and, increasingly, the use of Social Media (Facebook, Twitter and Instagram) are examples of how the Council communicates with partners and residents of the Borough.

The constitution is reviewed and updated regularly and changes are disseminated across the Council and Tameside and Glossop Clinical Commissioning Group via the Chief Executives Weekly Brief, The Wire and team briefings.

The Tameside Health and Wellbeing Board is a statutory partnership with health commissioners, providers and other interested parties. It is chaired by the Executive Leader of the Council and has developed the Tameside Health and Wellbeing Strategy that identifies priorities to address local health inequalities.

Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2015) and where they do not, explain why and how they deliver the same impact.

The financial management arrangements in place conform with the CIPFA statement and the service was managed by the Assistant Executive Director (Finance), the Council's Section 151 Officer, up to 31 March 2017.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function.

The Executive Director (Governance, Resources and Pensions) is the Monitoring Officer for the Council and the function is detailed in the Constitution. A Monitoring Officer Protocol is in place and detailed on the website.

Ensuring effective arrangements are in place for the discharge of the head of paid service function.

The Chief Executive is the head of paid service and the role and function are detailed in the Constitution.

Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Induction guidelines are available for managers including a checklist to ensure consistency across all services. Member induction is delivered by the Monitoring Officer and the Executive Support Team.

Training needs are assessed using Annual Development Reviews for officers. The process takes into account the needs of the service and then identifies any gaps in the skills and knowledge of the workforce to enable it to meet its objectives. All training requirements are reviewed by management and then compiled into service training plans, which are submitted to People and Workforce Development to inform and direct the provision of future training and development opportunities.

Training for members is assessed on an annual basis and a programme of events is scheduled to ensure both local and national subjects are covered.

Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

The Council empowers its employees to be innovative and to find solutions to problems, but recognises that there are potential risks for the Council. As part of the Service Planning process, individual services develop their own risk registers and monitor controls. Significant and cross cutting service risks are amalgamated into the Corporate Risk Register. Every report presented to Senior Managers, Council, Committees, Board, Panels, Working Groups and for Key/Executive Decisions is risk assessed. The risk management process embraces best practice.

The Information Governance Framework which was introduced in November 2013 and refreshed during 2016 continued to be a key priority for the Council ensuring that the guidance contained in the supporting documents was relevant, disseminated and embedded across all service areas. The Information Governance Group, which was chaired by the Executive Director (Governance, Resources and Pensions), ensured that the framework remained up to date and in line with the requirements of the Information Commissioners Office, the regulatory body for enforcing the requirements of the Data Protection Act. Information Governance, Risk Management and Data Protection training is delivered via a range of media, including briefing notes, the Chief Executive's Briefing, the Wire, workshops, DVD's and E-Tutorials.

Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risks of Fraud and Corruption (CIPFA 2014).

The Council has an Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent as part of the Constitution and all investigations are undertaken by Internal Audit. All investigations are conducted in line with the Fraud Response Plan and operational guidance notes. The Standards Panel receives monthly reports on investigations underway to monitor progress and provide direction, where appropriate. The Council continues to participate in the National Fraud Initiative, which is coordinated by Internal Audit. The work undertaken by the Council in relation to the 2014 exercise was highly commended.

A Whistleblowing Policy is maintained and available on the Council's website.

Ensuring an effective scrutiny function is in place.

This role is performed both by the Scrutiny function and by Tameside Members who sit on Outside Bodies' Committees. The Scrutiny function conducts reviews across Tameside which may call into account other public service providers like the NHS. Reviews conducted are reported to the Scrutiny Panels and the programme of reviews and reports are available on the scrutiny website together with an Annual Report. Members who represent the Council on outside bodies are ensuring that service delivery is effective, providing a challenge function and that the needs of Tameside are taken into account.

Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.

The Council's assurance arrangements conform with the governance requirements of the CIPFA Statement. The Head of Risk Management and Audit Services reported directly to the Assistant Executive Director (Finance) as the Section 151 Officer and reported on a quarterly basis to the Audit Panel and the Greater Manchester Pension Fund Local Board.

Undertaking the core functions of an Audit Committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013).

The Audit Panel does comply with the guidance issued by CIPFA and is regularly attended by our External Auditor. Training is assessed for members of the panel based on their existing skills and knowledge.

Ensuring that the Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

Information, support and responses are provided to External Audit in a timely manner. Audit findings and recommendations are considered by the Assistant Executive Director (Finance) and the Assistant Executive Director (Pensions Local Investments and Property) and presented to the

Audit Panel, Overview (Audit) Panel, Executive Cabinet and the Pension Fund Management Advisory Panel.

In their Annual Letter of October 2016, Grant Thornton commented that "The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit".

Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the Council's overall governance structures.

Good governance arrangements in respect of partnership working were established many years ago when the Tameside Strategic Partnership was created and those standards are still adopted today.

The continued successful delivery of outcomes by the various networks, joint teams and partnerships operating across Tameside to maximise the wellbeing and health of the people of the Borough demonstrates that the arrangements in place are sound. Tameside has always promoted working with partners and this is recognised as 'The Tameside Way'. It is through our strong and long-standing partnerships, along with new ones that may develop in the future, that help us to produce solutions and real improvements for Tameside.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. This review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Risk Management and Audit Service's Annual Report, and also by comments made by the External Auditor and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the Governance Framework includes the following measures and actions:-

- The Council has adopted a Planning and Performance Framework and carries out a programme of monitoring which runs throughout its annual cycle. This includes quarterly monitoring of all budgets, regular monitoring of Service Delivery Plans and the People and Places Scorecard.

- The Corporate Plan is refreshed regularly to take into account changes in circumstances and need. These reviews are influenced from the outcomes of the Business Days held between the Executive Cabinet and the Executive Team.

- The Capital Programme is regularly monitored and reported to the Strategic Planning and Capital Monitoring Panel, Overview (Audit) Panel and the Executive Cabinet.

- The Executive Cabinet carries out its functions in accordance with responsibilities outlined in Cabinet Portfolios, which are detailed in the Council's Constitution. Several Non–Executive Members are appointed to specific roles to assist Executive Members in the delivery of their particular areas of responsibility. All roles are assigned at the annual meeting of the Council.

- There is a well established Overview and Scrutiny function, which has been revised and updated in the light of experience. Scrutiny Panels review the work of the Council throughout the year; make a series of recommendations to Executive Cabinet, which then require a formal response and action, as appropriate. There is a public website where the public can access completed review reports and Annual Plans and Annual Reports.

- To support delivery of the Medium Term Financial Strategy and be in a positive position to respond to the financial challenges facing the Council, a structured programme of service reviews/redesigns has continued during the year. The continuation of this work is necessary to ensure that we are in a strong position to manage and use our resources effectively to maintain good outcomes and achieve the level of savings required. Service areas are looking for new and innovative ways of doing things as well as working more closely with our partners. Given the magnitude of the tasks the Council faces, consultation via the Big Conversation has continued so that residents' views on any changes can be taken into consideration. The Assistant Executive Director (Finance) worked with the Executive/Senior Management Team during the budget preparation period to ensure that a robust set of savings plans are in place and a clear delivery plan has been drawn up.

- The Executive Directors have each reviewed the operation of key controls throughout the Council, from the perspective of their own directorates, using a detailed assurance self-assessment checklist. They have provided a signed assurance letter and identified any areas for improvement, which will form the basis of an action plan to this Governance Statement.

- The Code of Corporate Governance has been reviewed and the evidence documented to demonstrate compliance with the principles of good governance. The Review was reported to senior management and the Audit Panel in May 2017.

- The Executive Director (Governance, Resources and Pensions) as the Monitoring Officer, carried out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, and commented on all reports that go to members and when necessary taking appropriate action, should it be required.

- The Assistant Executive Director (Finance) as the Section 151 Officer, carried out a continuous review of all financial matters, receiving copies of all agendas, minutes, reports and associated papers, and commented on all reports that go to members and when necessary taking appropriate action, should it be required.

- The Standards Committee is responsible for standards and probity, and receives regular reports from the Executive Director (Governance, Resources and Pensions), the Monitoring Officer.

- The role held by the Assistant Executive Director (Finance) from 1 April 2016 conformed to the requirements of the five principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government.

- The report published by Ofsted in December 2016 on the Inspection of Children's Services in Tameside, which judged the service to be inadequate, highlighted a number of issues in relation to service delivery, leadership, management and governance and a detailed Improvement Plan has been created. Delivery of the Improvement Plan is overseen by the multi-agency Tameside Children's Services Improvement Board. The Board has an independent chair and an advisor from the Department for Education sits on the Board.

- The Audit Panel carries out an overview of the activities of the Council's Risk Management, Internal Audit and External Audit functions. Members are provided with a summary of reports issued and their associated audit opinion. They approve the Annual Plans for each, and receive regular progress reports throughout the year. The Head of Risk Management and Audit Services presents an Annual Report and opinion, and the External Auditor submits an Annual Audit Letter along with other reports during the year. Work in relation to risk registers and business continuity planning needs to be undertaken to ensure that the systems in place meet the requirements of the organisation and best practice.

- The Internal Audit Service provides a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2015. It operates under the Public Sector Internal Audit Standards and a self-assessment completed for 2016/17 shows that the service is fully compliant with all the standards, and the assessment was reported to the Audit Panel in May 2017.

- The Council's External Auditors review the activities of the Council and issue an annual opinion on the Annual Accounts and a Value for Money conclusion. Conclusions and significant issues arising are detailed in their report to those charged with governance**.**

- Progress on the further development areas identified in Section 5 are regularly reported to the Audit Panel throughout the year by the Head of Risk Management and Audit Services.

5. Level of Assurance

The governance arrangements in place comply with the Principles outlined in the Council's Code of Corporate Governance and can be regarded as fit for purpose. A few areas for development have been identified in the Action Plan attached at **Appendix A**, and addressing these will further enhance the Governance Framework.

Improvements arising from Internal/External Audit Reports and Inspection Reports have already been built into Service Area Action Plans and are monitored as part of the Performance Management Framework.

6. Conclusion and Signatures

The Annual Governance Statement has been reviewed by Senior Management, presented to the Audit Panel and approved by the Overview (Audit) Panel. We have been advised on the implications of the review of the effectiveness of the Governance Framework in place, and the action plan compiled to address the further developments identified to ensure the continual improvement of the system in place.

We are satisfied that these steps will address the improvements that have been identified and their implementation will be monitored by the Audit Panel throughout the year and as part of our next Annual Review.

Signed:	Signed:
………………………………………………	………..……………………………………..
Councillor Kieran Quinn	Steven Pleasant
Executive Leader of Tameside MBC	Chief Executive of Tameside MBC
Dated: 11 September 2017	Dated: 11 September 2017

Annual Governance Statement 2016/17 - Improvement Plan **Appendix A**

Area of Review	Improvement Required	Progress to Date	Improvement Owner/ Completion Date
Children's Services (New)	Improvements in response to the Ofsted Report, which have been detailed in the Tameside Children's Services Improvement Plan, need to be implemented and a Project Board is in place to monitor progress.	An independent chair has been appointed to the Children's Services Improvement Board. A partnership wide improvement plan has been agreed together with an investment plan.	Stephanie Butterworth March 2018
Risk Management and Business Continuity Planning (New)	Enhancements are needed to the systems in place so that they meet with the requirements of the organisation and best practice.		Wendy Poole October 2017
Health and Safety	To Review process and procedures in place to ensure consistency of approach and embrace electronic recording where appropriate	Audit of organisation carried out. Report to SCMT regarding current position and improvements. Commenced improvement plan including improved governance arrangements across all Directorates. Further reviews at service level to be carried out. Identify capacity to deliver.	Ian Saxon December 2017
Managing Change (Carry Forward)	The ongoing level of change across the organisation, reduced resources and staff capacity to deliver the challenges faced by the Council, is managed by ensuring that proper governance and risk management procedures are in place to safeguard that the overall control environment is not adversely affected.	A risk based Internal Audit Plan is in place that addresses the keys risks facing the council. Risk management is embedded in service delivery, as all decision have to detail the risk implications to ensure that they are being managed. Assistance from Risk Management and Audit is provided when requested.	Single Commissioning Management Team Ongoing
Care Together (Carry Forward)	As we continue to develop integrated health and social care services and move provision as close to home as possible, strong governance arrangements need to be in place to ensure we deliver our vision, improving healthy life expectancy, reducing inequalities and moving	The Care Together Programme is well established with two key programmes; creation of a strategic commissioning function and an Integrated Care organisation. The Chief Executive is also now the Accountable Officer for NHS Tameside and Glossop Clinical	Strategic Commissioning Management Team March 2018

Area of Review	Improvement Required	Progress to Date	Improvement Owner/ Completion Date
	towards a financially sustainable economy. Although there has been substantial progress, implementation of the new model of care will need to gather pace to ensure delivery of our core objectives.	Commissioning Group. A single commissioning management team is in place and there is delegated responsibility for decision making to a Single Commissioning Board for a significant pooled budget. The Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT) is now in place with the community services now embedded, a new name and updated governance arrangements. A joint management team including neighbourhood GPs is in place and a range of transformation programmes are being rolled out to support people in their communities.	
Vision Tameside (Carry Forward)	This is a multi-million pound project in partnership with Tameside College, and needs to be delivered in accordance with agreed milestones. It is essential that the risks to service delivery during the interim period are kept under review to minimise disruption to the people and businesses of Tameside so that, together, the mutual benefits of the project will be recognised and celebrated. It is also important to ensure that the benefits of the new building are realised in terms of different ways of working and reducing future running costs.	Regular reports are provided to the Senior Management Team, Board and Cabinet. The Vision Tameside Project Board meets on a regular basis to monitor progress in terms of milestone dates and costs.	Robin Monk Damien Bourke Sept 2018
Pension Fund Pooling of Investments (Carry Forward)	Greater Manchester Pension Fund is working with other large metropolitan LGPS funds to create a £40+ billion asset pool. Pooling of assets is believed by the Government to provide greater scope to allow the funds to invest in major regional and national infrastructure projects such as airport expansion, major new road and rail schemes, housing developments	The Government has provided approval so far for the submission made by Greater Manchester Pension Fund, West Yorkshire Pension Fund and the Merseyside Pension Fund to create the Northern Pool. The 3 funds have established a vehicle to make collective direct infrastructure investments and are creating a similar vehicle to make collective	Euan Miller Paddy Dowdall Steven Taylor March 2018

Area of Review	Improvement Required	Progress to Date	Improvement Owner/ Completion Date
	and energy production growth, all driving economic growth and prosperity. Strong governance arrangements will need to be in place, underpinned by robust and resilient systems and procedures, to ensure the desired outcomes are realised.	private equity investments. Representatives of the Fund will continue to work closely and seek professional advice, as required, in order to create the Pool during 2017 and 2018. The Council is seeking to ensure that it complies with Government requirements as set out in their consultation documentation to ensure fund continues to deliver efficiently and effectively.	

Report To:	**OVERVIEW (AUDIT) PANEL**
Date:	11 September 2017
Reporting Officer:	Councillor J M Fitzpatrick - First Deputy Performance and Finance Ian Duncan – Assistant Director Finance (Section 151 Offcier)
Subject:	**AUDITED STATEMENT OF ACCOUNTS 2016/17**
Report Summary:	This report represents the audited Tameside MBC and Greater Manchester Pension Fund (GMPF) Statement of Accounts for 2016/17.
Recommendations:	1. That the Panel approve the audited Statement of Accounts for 2016/17 (**Appendix 1**), including the core statements and the notes to the accounts.
Financial Implications: **(Authorised by the Section 151 officer)**	The Statement of Accounts sets out full details of the Council's financial position as at 31 March 2017 consistent with International Financial Reporting Standards (IFRS). The Council is required to have the audited accounts accepted by a committee of the Council before 30 September 2017.
Legal Implications: **(Authorised by the Borough Solicitor)**	There is a statutory duty imposed on the Council to be able to provide adequate evidence for all its financial activities set out in the Local Government and Housing Act 1989. The preparation of the annual accounts and the audit of those accounts is the main mechanism by which the adequacy of those records is tested.
Links to Community Strategy:	The Community Strategy has helped determine priorities for Council spending, which is summarised in the 2016/17 accounts.
Policy Implications:	There are no policy implications flowing from the Statement of Accounts.
Risk Management:	The audit provides external verification of the Council's financial statements.
Access to Information:	Background papers can be obtained from the author of the report, Julie Hardman , Financial Management 0161 342 4363 e-mail: julie.hardman@tameside.gov.uk

1. BACKGROUND

1.1 It is necessary to consider the Audit Findings report of the Council's external auditor (Grant Thornton) regarding the Statement of Accounts before agreeing the audited accounts. The Audit Findings report for the Council and the Greater Manchester Pension Fund (GMPF) have been considered earlier on this agenda and the adjustments highlighted as part of the audit have been included in the report.

2. INTRODUCTION

2.1 The current legislation enables the pre-audit Statement of Accounts to be certified by the Assistant Director of Finance, (Section 151 Officer); this was completed on the 7 June 2017. This has been achieved earlier than the previous financial year and will be required by the 31 May for the 2017/18 accounts. As a result of the accelerated deadlines, the audit is scheduled to be on going up until 11 September 2017.

2.2 Following this, the audit has progressed and an audit outcome has been received. The audit outcome was presented previously on the agenda. No changes have been required which would fundamentally alter any assessment of the Council's overall financial stability, and no issues have been found which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The adjustments recommended have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

2.3 The Tameside MBC Statement of Accounts 2016/17 (**Appendix 1**) has been amended in line with the Audit Findings report (ISA260). Due to the on going audit, there is a small risk that the accounts as presented in **Appendix 1** could be further amended. However, the substantial audit areas have been tested and any changes, if necessary, are likely to be minor. If it is necessary to make any changes these will be published prior to the meeting on 11 September 2017

2.4 The Audit Findings report (ISA260) has been submitted by Grant Thornton and has been discussed previously at this meeting. The GMPF audit findings and Statement of Accounts were considered at the GMPF Management / Advisory Panel on 21 July 2017.

3. ISSUES

3.1 The attached Statement of Accounts includes the audited accounts for both the Council and GMPF. The Statement of Accounts 2016/17 have been adjusted for those items which the auditors have recommended and Officers have disclosed. All these changes have been agreed by management and all the amendments have been incorporated. The main amendments have been:-

- Balance sheet – amendment to the Balance sheet and all related notes for property valuation previously reported incorrectly.
- Operating expenses – amendments to both income and expenditure relating to internal charges.

3.2 The purpose of this report is to recommend that the Panel approves the Statement of Accounts for 2016/17 including the adjustments recommended by the external auditors, which improve the overall accuracy, clarity, and consistency of the document.

3.3 The Panel is also asked to approve the core statements and the supplementary notes; that is, the overall income and expenditure position, the balance sheet position including the movement in the levels of reserves (general and earmarked) and the cash flow analysis. It should be noted that the accounts are prepared in a nationally adopted format and provide evidence of the overall financial position of the Council. They do not however cover the future financial challenges faced by the Council, which are set out in the Medium Term Financial Strategy.

3.4 The Panel should also note that the preparation of the accounts this year has again been a demanding process. There have been substantial changes required to the format of the accounts in line with changes to the accounting requirements , introduced for the 2016/17 Accounts. This achievement would not have been possible without the hard work and professionalism of Council officers, together with a positive working relationship with colleagues from Grant Thornton.

4. RECOMMENDATION

4.1 As set out on the front of the report.

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Tameside MBC

Statement of Accounts

2016/17

Contents

Narrative Report and Financial Summary

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

Narrative Report and Financial Summary

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

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

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

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

The effectiveness with which the Council has been able to prepare its accounts, meeting the stringent requirements of quality and timeliness that are set for us, is an important measure of the overall quality of our financial management. These accounts have been prepared two weeks in advance of previous years in preparation of the statutory deadlines being brought forward to 31 May and 31 July respectively in 2017/18.

1) Corporate Leadership and Strategy

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

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

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

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

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

2) The Profile of the Borough

The profile of the Borough in terms of its population and economy is a key driver of the scope and type of services the Council provides to local people. Set out below are some key facts which provide some detail of the nature of the Borough.

Population

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

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

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

According to the 2011 Census, the majority of Tameside's residents belong to the White ethnic group (90.9% compared to 85.4% England overall). Within Tameside's population:

- Of the 90.9% of residents who belong to the White ethnic group, the majority (88.5%) are White British; and
- The second largest ethnic group in Tameside is Asian/Asian British (6.6%); of which Pakistani (2.2%) and Bangladeshi (2.0%) are the largest groups.

Deprivation

The Government collates a variety of economic and social measures to create indices of relative affluence and deprivation based on geographical areas. These help the Council to target services to our most vulnerable residents, as well as helping to identify areas of lesser need where early intervention will help prevent costs at a later date. According to the Indices of Deprivation 2015:

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

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

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

Education

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

Economy

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

Housing

- There are 101,573 homes on the valuation list in Tameside.
- At the time of the Census in 2011 there were 94,953 households, of which 60,558 (63.8%) are privately-owned, 20,438 (21.5%) are social-rented, 12,573 (13.2%) are privately rented and 1,384 (1.5%) in shared ownership or others; and
- 10.2% of Tameside households are in fuel poverty[3].

Health

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

[2] Annual survey of hours and earnings - resident analysis (2016). The earnings information collected relates to gross pay before tax, national insurance or other deductions, and excludes payments in kind. Full-time workers are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.
[3] 2014 sub-regional fuel poverty data

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

a. Revenue Expenditure

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

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

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

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

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

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

b. Capital Expenditure

Investment in the Council's assets amounted to £35.288 million during the year. The main project in the investment programme is the Vision Tameside initiative which is to aid regeneration in the borough. Progress has been made in implementing phases 1 & 2 of the project which includes Clarendon Sixth Form College, Skills Centre and new Council administration block in the centre of Ashton-Under-Lyne. This is contributing to an ambitious and exciting regeneration of the borough and a total of £10.134m was incurred in 2016/17. Overall costs are being kept within the budget, with project management overseen by the Vision Tameside Project Board.

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

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

c. Financial Reporting

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

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

d. Pensions Liability

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

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

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

e. Council Borrowing

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

f. Investment in Manchester Airport Group (MAG)

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

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

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

5) Significant Transactions in 2016/17

Re-statement of the 2015/16 Accounts

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

Transfer of assets

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

Care Together

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

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

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

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

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

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

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

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

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

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

Children's Services

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

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

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

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

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

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

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

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

External Factors

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

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

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

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

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

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

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

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

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

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

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

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

7) The Basis of the Accounts

The accounts that follow have been prepared to be:

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

b. Reliable: The financial information:

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

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

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

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

e. Underlying Assumptions

Accruals Basis

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

Going Concern

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

Primacy of Legislation Requirements

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

8) The Financial Statements: Purpose and Summary

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

a. Comprehensive Income and Expenditure Statement (CIES)

This statement sets out the Council's day to day revenue income and expenditure. It shows the cost of providing services in the year in accordance with IFRS, rather than the amount funded from Council Tax, and the cost of other activities of the Council.

The statement shows that the Council's gross expenditure on services in 2016/17 was £474.931m, but after income is included the Cost of Services was £151.220m. Once other items of Operating

Expenditure such as Precepts and Levies, as well as Financing and Investment Income and Expenditure and Taxation and Non-specific Grant Income are taken into account, the Council's Deficit on the Provision of Services was £5.444m.

The £8.355m increase in the Cost of Services arises because the accounts must contain a number of non-cash items in order to comply with proper accounting practice that do not need to be included in the Council's budget plans. So, the accounts include significant changes arising from revaluations and impairments of non-current assets charged to services, net of a reduction in service expenditure as a result of savings.

The service lines within the Cost of Services section of the CIES represent the full cost of providing that service and include the non-cash items mentioned above. Therefore, it should be noted that a large movement between years does not necessarily represent an increase or reduction in the level of spending in that area.

b. Movement in Reserves Statement (MiRS)

This statement sets out the movements in the main reserves and balances of the Council. It distinguishes between unusable reserves (which are necessary under proper accounting practice, but which cannot be spent) from usable reserves (which can be spent). Usable reserves are further divided into General Fund Balances, Schools Balances, Earmarked Reserves (earmarked to specific objectives), Capital Grants Unapplied, and Capital Receipts Unapplied. It is a requirement placed on all councils that the level of reserves is regularly reviewed by the Assistant Executive Director, Finance (Section 151 Officer) and due consideration is given to all local financial risks and liabilities when doing so (this is also reported in the Budget Report presented to Full Council each year).

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

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

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

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

c. Balance Sheet

The Balance Sheet summarises the financial position of the Council at 31 March 2017 and shows the net worth of the Council's assets and liabilities of £141.5m. It includes balances and reserves, and all assets and liabilities employed in the Council's operations. It shows that the Council has non-current assets (mainly Property, Plant and Equipment) with carrying values in the accounts of £526.501m, a reduction of £3.978m from 31 March 2016. Approximately 20% of the Council's Land and Buildings were revalued in year.

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

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

d. Cash Flow Statement

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

e. Collection Fund

The Collection Fund is a fund administered by the Council that shows the transactions of the billing authority (the Council), in relation to the collection of Council Tax and Non-Domestic Rates (NDR) and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund. It is a statutory requirement to maintain a Collection Fund.

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

f. Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

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

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

g. Greater Manchester Pension Fund (GMPF)

The accounts of the GMPF are included in the Statement of Accounts of the Council because the Council administers the GMPF. The Fund is administered separately from the Council and has independent governance arrangements. The Accounts show the net assets of the Fund were £21.271bn at 31 March 2017, an increase of £3.946bn during the financial year.

h. Accompanying Statements Included in the Statement of Accounts

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

The **Statement of Responsibilities** sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work of Members and officers across the Council. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document, and for their support during the financial year.

Further Information

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

Signed:

31 July 2017

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

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

Financial Statements

Financial Statements are applicable to all local authorities and comprise:

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

Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

	Note	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000	2015/16 Restated Gross Expenditure £000	2015/16 Restated Gross Income £000	2015/16 Restated Net Expenditure £000
Children's Social Care		31,485	(2,162)	29,323	30,034	(2,573)	27,461
Education		166,836	(154,008)	12,828	177,681	(164,356)	13,325
Adults' Social Care		78,736	(33,535)	45,201	80,797	(39,002)	41,795
Public Health		24,002	(15,815)	8,187	20,301	(15,013)	5,288
Stronger Communities		8,236	(946)	7,290	9,995	(1,011)	8,983
Asset and Investment Partnership Management		24,205	(16,432)	7,773	23,830	(23,911)	(81)
Environmental Services		31,015	(4,432)	26,583	28,850	(5,994)	22,856
Development Growth and Investment		7,766	(3,797)	3,969	5,209	(2,084)	3,125
Digital Tameside		3,155	(617)	2,538	2,799	(600)	2,199
Governance and Resources		97,096	(90,661)	6,434	101,514	(92,240)	9,274
Corporate Costs		2,399	(1,305)	1,094	9,956	(1,316)	8,640
			0	0			
Cost Of Services	1	**474,931**	**(323,710)**	**151,220**	**490,966**	**(348,101)**	**142,865**
Other Operating Income and Expenditure	2	36,902	(4,139)	32,763	77,963	(7,903)	70,059
Financing and Investment Income and Expenditure	3	33,782	(16,807)	16,975	38,624	(19,862)	18,762
Taxation and Non-Specific Grant Income	4	0	(195,514)	(195,514)	0	(192,260)	(192,260)
(Surplus) or Deficit on Provision of Services		**545,615**	**(540,170)**	**5,444**	**607,553**	**(568,126)**	**39,426**
<u>Other Comprehensive Income and Expenditure</u>							
Revaluation Losses	10			(13,555)			(3,653)
Remeasurement of Net Defined Benefit Liability	10			11,916			(89,040)
(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets	10			(3,901)			1,200
				(96)			**(52,067)**

Movement in Reserves Statement as at 31 March 2017

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

Restated	General Fund Balances £000	Schools Balances £000	Earmarked Reserves £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015 *	**(17,207)**	**(10,166)**	**(165,841)**	**0**	**(11,755)**	**(204,969)**	**115,653**	**(89,316)**
(Surplus) or Deficit on the Provision of Services **	39,426					39,426		39,426
Other Comprehensive Income and Expenditure **						0	(91,493)	(91,493)
Total Comprehensive Income and Expenditure	**39,426**	**0**	**0**	**0**	**0**	**39,426**	**(91,493)**	**(52,067)**
Adjustments between accounting basis & funding basis under regulations ***	(56,488)			0	3,089	(53,399)	53,399	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(17,062)**	**0**	**0**	**0**	**3,089**	**(13,973)**	**(38,094)**	**(52,067)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	17,021	3,069	(20,090)			0		0
(Increase)/decrease in year	**(41)**	**3,069**	**(20,090)**	**0**	**3,089**	**(13,973)**	**(38,094)**	**(52,067)**
Balance at 31 March 2016 *	**(17,248)**	**(7,097)**	**(185,931)**	**0**	**(8,666)**	**(218,942)**	**77,559**	**(141,383)**
(Surplus) or Deficit on the Provision of Services **	5,444					5,444		5,444
Other Comprehensive Income and Expenditure **						0	(5,539)	(5,539)
Total Comprehensive Income and Expenditure	**5,444**	**0**	**0**	**0**	**0**	**5,444**	**(5,539)**	**(95)**
Adjustments between accounting basis & funding basis under regulations ***	(5,458)			(3,556)	(6,532)	(15,546)	15,546	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(14)**	**0**	**0**	**(3,556)**	**(6,532)**	**(10,102)**	**10,007**	**(95)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(32)	2,621	(2,589)			0		0
(Increase)/decrease in year	**(46)**	**2,621**	**(2,589)**	**(3,556)**	**(6,532)**	**(10,102)**	**10,007**	**(95)**
Balance at 31 March 2017 *	**(17,294)**	**(4,476)**	**(188,520)**	**(3,556)**	**(15,198)**	**(229,044)**	**87,567**	**(141,478)**

* Net worth of the Council at that date. Reconciles to Net Assets/ (Liabilities) and Total Reserves shown in the Balance Sheet.
** Taken directly from the CIES.
*** Adjustments needed to convert the Surplus or Deficit on the Provision of Services to the movement on General Fund Balances as defined by statutory provisions. See Note 8 for a full breakdown of the adjustments required to comply with proper accounting practice.
**** A further breakdown of the Council's Earmarked Reserves can be seen in Note 11.

Balance Sheet as at 31 March 2017

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

	Note	31 March 2017 £000	31 March 2016 Restated £000	31 March 2016 Prior to Restatement £000
Property, Plant and Equipment	12	418,925	428,789	465,966
Heritage Assets	13	12,471	12,471	12,471
Investment Properties	14	29,534	29,428	29,428
Intangible Assets	15	33	325	325
Long Term Debtors	18	19,469	17,297	17,297
Long Term Investments	19	46,069	42,169	42,169
Non-current Assets		**526,501**	**530,479**	**567,656**
Cash and Cash Equivalents	23	70,712	55,601	55,601
Short Term Investments	19	99,768	101,154	101,154
Inventories	21	484	347	347
Short Term Debtors	22	38,750	37,745	37,745
Assets Held for Sale (<1yr)	12a	1,502	960	960
Current Assets		**211,216**	**195,807**	**195,807**
Short Term Borrowing	19	(20,496)	(9,854)	(9,854)
Short Term Creditors	24	(33,192)	(38,037)	(38,037)
Short Term Provisions	26	(3,793)	(2,947)	(2,947)
Other Short Term Liabilities	25	(2,592)	(2,438)	(2,438)
Receipts In Advance (Grants and Contributions)		(992)	(387)	(387)
Current Liabilities		**(61,065)**	**(53,663)**	**(53,663)**
Long Term Borrowing	19	(112,776)	(119,256)	(119,256)
Long Term Provisions	26	(3,817)	(10,903)	(10,903)
Other Long Term Liabilities	25	(418,580)	(401,081)	(401,081)
Non-current Liabilities		**(535,173)**	**(531,240)**	**(531,240)**
Net Assets / (Liabilities)		**141,479**	**141,383**	**178,560**
Usable Reserves	9	(229,045)	(218,942)	(218,942)
Unusable Reserves	10	87,566	77,559	40,382
Total Reserves		**(141,479)**	**(141,383)**	**(178,560)**

Cash Flow Statement as at 31 March 2017

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	Note	31 March 2017 £000	31 March 2016 £000 Restated
(Surplus) or Deficit on the Provision of Services		5,444	39,426
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(52,885)	(75,864)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	26,869	27,612
Net Cash Flows from Operating Activities		**(20,572)**	**(8,826)**
Net Cash Flows from Investing Activities	32	4,822	79,929
Net Cash Flows from Financing Activities	33	639	(557)
Net (Increase) or Decrease in Cash and Cash Equivalents		**(15,111)**	**70,546**
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	55,601	126,147
Cash and Cash Equivalents at the End of the Reporting Period	23	**70,712**	**55,601**

Notes to the Financial Statements

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

Contents

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES) NOTES

1. Expenditure and Funding Analysis

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

2016/17	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	28,684	471	**29,155**	167	**29,322**
Education	3,213	128	**3,341**	9,487	**12,828**
Adults' Social Care	42,019	2,992	**45,011**	190	**45,201**
Public Health	1,507	(243)	**1,264**	6,923	**8,187**
Stronger Communities	6,652	395	**7,047**	242	**7,289**
Asset and Investment Partnership Management	3,344	(10,869)	**(7,525)**	15,298	**7,773**
Environmental Services	46,068	(33,806)	**12,262**	14,321	**26,583**
Development Growth and Investment	2,257	(600)	**1,657**	2,313	**3,970**
Digital Tameside	1,816	0	**1,816**	721	**2,537**
Governance and Resources	6,618	(178)	**6,440**	(4)	**6,436**
Corporate Costs	11,747	(4,353)	**7,394**	(6,302)	**1,092**
Net costs of services	**153,925**	**(46,063)**	**107,863**	**43,357**	**151,220**
Other income and expenditure	(162,301)	46,063	**(116,239)**	(29,537)	**(145,776)**
(Surplus) or deficit	**(8,376)**	**0**	**(8,376)**	**13,819**	**5,444**

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

2015/16	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	26,154	833	**26,987**	474	27,461
Education	2,983	1,138	**4,121**	9,204	13,325
Adults' Social Care	56,513	(15,545)	**40,968**	827	41,795
Public Health	16,329	(14,282)	**2,047**	3,241	5,288
Stronger Communities	8,388	201	**8,589**	394	8,983
Asset and Investment Partnership Management	3,815	(11,056)	**(7,241)**	7,159	(82)
Environmental Services	45,125	(31,147)	**13,978**	8,878	22,856
Development Growth and Investment	3,021	(1,153)	**1,868**	1,257	3,125
Digital Tameside	1,814	0	**1,814**	385	2,199
Governance and Resources	10,081	(1,837)	**8,244**	1,030	9,274
Corporate Costs	30,440	(21,451)	**8,989**	(350)	8,639
Net costs of services	**204,663**	**(94,299)**	**110,364**	**32,500**	**142,864**
Other income and expenditure	(211,327)	94,299	**(117,028)**	13,590	(103,438)
Surplus or deficit	**(6,664)**	**0**	**(6,664)**	**46,090**	39,426

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

1a. Note to the Expenditure and Funding Analysis

2016/17	Transfers to/from reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	471	0	0	0	0	**471**	207	(56)	16	**167**
Education	128	0	0	0	0	**128**	9,636	(198)	49	**9,487**
Adults' Social Care	3,086	(94)	0	0	0	**2,992**	259	(97)	29	**190**
Public Health	(137)	(106)	0	0	0	**(243)**	6,927	(5)	2	**6,923**
Stronger Communities	398	(3)	0	0	0	**395**	256	(19)	6	**242**
Asset and Investment Partnership Management	(162)	(56)	(786)	(9,865)	0	**(10,869)**	15,299	(1)	0	**15,298**
Environmental Services	(6,074)	(1,110)	(26,622)	0	0	**(33,806)**	14,369	(69)	20	**14,321**
Development Growth and Investment	(160)	(200)	(240)	0	0	**(600)**	2,322	(13)	4	**2,313**
Digital Tameside	0	0	0	0	0	**0**	727	(8)	2	**721**
Governance and Resources	(178)	0	0	0	0	**(178)**	29	(47)	14	**(4)**
Corporate Costs	10,047	(19,190)	(31)	(7,462)	12,283	**(4,353)**	0	(6)	(6,296)	**(6,302)**
Net costs of services	**7,419**	**(20,759)**	**(27,679)**	**(17,327)**	**12,283**	**(46,063)**	**50,030**	**(518)**	**(6,154)**	**43,358**
Other income and expenditure	(7,419)	20,759	27,679	17,327	(12,283)	**46,063**	(50,030)	518	19,973	**(29,539)**
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,819**	**13,819**

2015/16	Transfers to/from reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	833	0	0	0	0	**833**	97	346	32	**474**
Education	1,012	(176)	0	302	0	**1,138**	8,043	1,324	(163)	**9,204**
Adults' Social Care	239	0	0	0	(15,784)	**(15,545)**	121	642	65	**827**
Public Health	176	(167)	0	0	(14,291)	**(14,282)**	3,196	41	4	**3,241**
Stronger Communities	201	0	0	0	0	**201**	234	147	14	**394**
Asset and Investment Partnership Management	255	(70)	(793)	(10,448)	0	**(11,056)**	7,089	70	0	**7,159**
Environmental Services	63	(1,181)	(30,094)	65	0	**(31,147)**	8,400	444	33	**8,878**
Development Growth and Investment	(949)	(2)	(202)	0	0	**(1,153)**	1,156	90	11	**1,257**
Digital Tameside	0	0	0	0	0	**0**	340	44	0	**385**
Governance and Resources	(1,837)	0	0	0	0	**(1,837)**	703	327	0	**1,030**
Corporate Costs	(12,797)	(1,223)	(31)	(7,400)	0	**(21,451)**	0	38	(388)	**(350)**
Net costs of services	**(12,804)**	**(2,819)**	**(31,120)**	**(17,481)**	**(30,075)**	**(94,299)**	**29,379**	**3,513**	**(392)**	**32,500**
Other income and expenditure	12,804	2,819	31,120	17,481	30,075	**94,299**	(29,379)	(3,513)	46,482	**13,590**
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**46,090**	**46,090**

1b. Prior Period Restatement of Service Expenditure and Income

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

1c. Expenditure and Income Anaylsed by Nature

Expenditure	2016/17 £000	2015/16 £000
Employee benefits expenses	187,275	202,287
Other service expenses	247,115	261,544
Depreciate amorisation and impairment	48,049	24,713
Loss on disposal of non-current assets	3,669	37,470
Interest payments	24,272	23,971
Precepts and levies	28,487	32,589
	538,868	**582,574**
Income		
Customer and Client Receipts	(44,554)	(48,133)
Income from Council tax and Business Rates	(129,790)	(124,871)
Government Grant Income	(309,513)	(342,891)
Other Grants Reimbursements and Contributions	(39,565)	(17,726)
Interest Income	(6,914)	(5,749)
Other Income	(3,088)	(3,775)
	(533,424)	(543,145)
Surplus/Deficit on provision of services	**5,444**	**39,429**

2. Other Operating Income and Expenditure

	31 March 2017			31 March 2016		
	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Parish Council Precepts	31	0	31	31	0	31
Levies	29,063	0	29,063	32,558	0	32,558
Payments to the Government Housing Capital Receipts Pool	0	0	0	0	0	0
(Gains)/losses on derecognition/ disposal of non-current assets	7,808	(4,139)	3,668	7,671	(7,903)	(232)
	36,902	**(4,139)**	**32,762**	**40,260**	**(7,903)**	**32,357**

3. Financing and Investment Income and Expenditure

	31 March 2017			31 March 2016		
	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Interest Payable and Similar Charges	17,098	0	17,098	17,413	0	17,413
Net Interest on the Net Defined Benefit Liability (Asset)	9,572	0	9,572	11,200	0	11,200
Interest receiveable and similar income	0	(1,077)	(1,077)	0	(687)	(687)
Other investment income	0	(5,814)	(5,814)	0	(5,035)	(5,035)
Trading Services	3,765	(5,215)	(1,450)	6,515	(7,435)	(920)
Income and expenditure in relation to Investment Properties and changes in their fair value	3,346	(4,701)	(1,354)	3,495	(6,705)	(3,210)
	33,781	**(16,807)**	**16,975**	**38,623**	**(19,862)**	**18,761**

4. Taxation and Non-Specific Grant Income

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

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

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

	31 March 2017 £000	31 March 2016 £000
Council Tax Income	(78,645)	(73,041)
Revenue Support Grant	(34,493)	(44,376)
Retained Business Rates	(27,102)	(27,985)
Business Rates Top Up	(24,043)	(23,844)
New Homes Bonus Grant	(4,474)	(3,678)
Education Services Grant	(2,484)	(2,855)
Section 31 - Business Rates Grants	(2,412)	(2,850)
Other Non Ringfenced Government Grants	(1,188)	(1,021)
Other Capital Grants and Contributions	(20,672)	(12,610)
	(195,513)	**(192,260)**

5. Grants

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

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

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

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

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

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

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

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

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

6. Dedicated Schools Grant (DSG)

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

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

7. Trading Services

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

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

MOVEMENT IN RESERVES STATEMENT (MiRS) NOTES

8. Adjustments Required to Comply with Proper Accounting Practice

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

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

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

Revenue expenditure funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any non-current asset to the Council. In line with the guidance contained in 'the Code', this expenditure is written off to the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure.

Redemption of Debt (Minimum Revenue Provision)

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

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

Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating 'MRP'. A total of £185,215,128 will be provided for in equal instalments over 50 years which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

The following will be required in relation to borrowing taken up on or after 01/04/2015. 'MRP' is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated; the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

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

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

2016/17	Usable Reserves General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,110)	0	0	12,110
Revaluation losses on Property Plant and Equipment (PPE)	(37,217)	0	0	37,217
Revaluation gains on PPE (used to reverse previous revaluation losses)	1,569	0	0	(1,569)
Movements in the market value of Investment Properties	1,390	0	0	(1,390)
Amortisation of Intangible Assets	(291)	0	0	291
Capital grant and contributions received in year	22,612	0	(9,850)	(12,762)
Revenue expenditure funded from Capital under Statute	(3,921)	0	0	3,921
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(7,808)	0	0	7,808
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment:				
- Minimum Revenue Provision (MRP) for capital financing	6,330	0	0	(6,330)
- GM and Lancashire debt repayment	894	0	0	(894)
Capital expenditure charged against General Fund Balances	20,760	0	0	(20,760)
Capital grant and contributions received in previous years - applied	0	0	3,318	(3,318)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	418	0	(418)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	4,139	(4,139)	0	
4% disposal cost allowance	(166)	166	0	
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	(1)	0	1
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(105)	0	0	105
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(27,668)	0	0	27,668
Employer's pensions contributions and direct payments to pensioners payable in the year	18,614	0	0	(18,614)
Adjustments to Collection Fund Adjustment Account:				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	1,210	0	0	(1,210)
Adjustment to Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(143)	0	0	143
Adjustment to Unequal Pay Provision:				
Unequal Pay Provision	6,454			(6,454)
Total Adjustments	**(5,457)**	**(3,556)**	**(6,532)**	**15,545**

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

9. Usable Reserves

Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Further details can be found in the MiRS and below.

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

Capital Receipts Unapplied Account

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

Any capital receipts relating to the repayment of former Housing Revenue Account (HRA) mortgages (principal amounts) are subject to provisions included within the Local Government Act 2003. The Council is required to pay a specified amount from these receipts to the National Pool. All other capital receipts are usable.

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

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

Capital Grants and Other Contributions Unapplied Reserve

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

10. Unusable Reserves

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

	31 March 2017 £000	31 March 2016 £000
Revaluation Reserve	(36,426)	(23,499)
Capital Adjustment Account	(129,385)	(136,210)
Pensions Reserve	294,902	273,932
Available For Sale Financial Instruments Reserve	(33,486)	(29,585)
Collection Fund Adjustment Account	(6,579)	(5,369)
Short Term Accumulating Compensated Absences Account	3,720	3,577
Holding in Manchester Airport Plc	(5,702)	(5,702)
Financial Instruments Adjustment Account	531	426
Deferred Capital Receipts	(11)	(12)
Total	**87,564**	**77,559**

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

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- *Revalued downwards or impaired and the gains are lost;*
- *Used in the provision of services and the gains are consumed through depreciation; or*
- *Disposed of and the gains are realised.*

	2016/17 £000	2015/16 £000
Balance at 1 April	**(23,499)**	**(22,903)**
Upward revaluation of assets	(14,106)	(7,079)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	551	3,426
Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**(13,555)**	**(3,653)**
Difference between fair value and historical cost depreciation	392	447
Accumulated gains on assets sold or scrapped	236	2,610
Amount written off to the Capital Adjustment Account	**628**	**3,057**
Balance at 31 March	**(36,426)**	**(23,499)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2016/17 £000	2015/16 £000
Balance at 1 April	**(136,209)**	**(172,843)**
Reversal of items debited or credited to the CIES:		
Charges for depreciation of non-current assets	12,110	13,410
Revaluation losses on Property, Plant and Equipment	37,217	12,813
Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(1,569)	(1,762)
Amortisation of Intangible Assets	291	289
Revenue expenditure funded from capital under statute	3,921	12,132
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	7,808	43,035
	59,778	**79,917**
Adjusting amounts written out of the Revaluation Reserve	(628)	(755)
Net written out amount of the cost of non-current assets consumed in the year	**59,150**	**79,162**
Capital financing applied in the year:		
Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(420)	(7,721)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(12,762)	(15,443)
Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(3,317)	(7,355)
Statutory provision for the financing of capital investment charged against the General Fund	(7,224)	(6,531)
Capital expenditure charged against the General Fund and Reserves	(20,760)	(2,819)
	(44,483)	**(39,869)**
Movements in the market value of Investment Properties debited or credited to the CIES	(1,390)	(2,659)
Unequal Pay Provision	(6,454)	0
Balance at 31 March	**(129,386)**	**(136,209)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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

Available For Sale Financial Instruments Reserve

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

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

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

Collection Fund Adjustment Account

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

	2016/17 £000	2015/16 £000
Balance at 1 April	**(5,369)**	**(4,173)**
Amount by which Council Tax income and NDR income credited to the CIES is different from Council Tax income and NDR income calculated for the year in accordance with statutory requirements	(1,210)	(1,196)
Balance at 31 March	**(6,579)**	**(5,369)**

Short Term Accumulating Compensated Absences Account

The Short Term Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on General Fund Balances from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on General Fund Balances is neutralised by transfers to or from the Account.

	2016/17 £000	2015/16 £000
Balance at 1 April	**3,577**	**3,580**
Settlement or cancellation of accrual made at the end of the preceding year	(3,577)	(3,580)
Amounts accrued at the end of the current year	3,720	3,577
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	143	(3)
Balance at 31 March	**3,720**	**3,577**

Financial Instruments Adjustment Account

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

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

Deferred Capital Receipts Reserve

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

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

11. Transfers to/from Earmarked Reserves

Transfers to/from Earmarked Reserves are the net amounts set aside from General Fund Balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in the accounting period.

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

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

BALANCE SHEET NOTES

NON-CURRENT ASSETS (INCLUDING FINANCIAL INSTRUMENTS)

12. Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided that it yields benefits to the Council and the services it provides for a period of more than one year.

Capital expenditure includes:
- *The acquisition, reclamation, enhancement or laying out of land;*
- *Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures; and*
- *Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.*

In this context, enhancement means works which are intended to:
- *Lengthen substantially the useful life of the asset, or*
- *Increase substantially the market value of the asset, or*
- *Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.*

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the non-current asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

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

Measurement

Initially the assets are measured at cost, comprising the purchase price, plus any costs associated with bringing the asset into use. The measurement of an operational asset acquired other than through purchase is deemed to be its current value. The Code requires that non-operational property, plant and equipment classified as surplus assets are measured at fair value.

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

- *Other Land and Buildings **
- *Infrastructure assets*
- *Vehicles, Plant and Equipment*
- *Community Assets*
- *Assets under Construction*
- *Surplus Assets*

Each of these asset classifications are valued on the base recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), as follows:

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

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

**These asset categories are revalued on a five year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur. Assets where expenditure of £750,000 or above has been incurred, these are added to the preceding year's revaluation list*

Disposals

Receipts from the disposal of non-current assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written out to the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. The asset value written out is appropriated to the Capital Adjustment Account, the capital receipt is appropriated to the Capital Receipts Unapplied Account, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Academy Schools are written out of the Council's Balance Sheet at the time that they legally transfer to Academy status. The net book value of the school at the time of the transfer is charged to Other Operating Income and Expenditure within the Comprehensive Income and Expenditure Statement as a loss on disposal/derecognition.

Depreciation / Amortisation

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

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

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

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

Impairment of Non-current Assets

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

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

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

Revaluations

Revaluation of property is undertaken on at least a five year "rolling programme" to ensure all property is measured at current value or fair value as appropriate. A desk top valuation exercise can take place more frequently, however, if the valuer believes that market changes within the year are more significant, an interim valuation will be undertaken. Investment Properties are revalued annually to determine any material change in the carrying value.

A Revaluation Reserve for non-current assets (other than Investment Properties) is held in the Balance Sheet made up of unrealised revaluation gains relating to individual non-current assets, with movements in valuations being managed at an individual non-current asset level.

Movement in the valuation of Investment Properties are charged or credited to the Comprehensive Income Expenditure Statement. Gains arising from the revaluation of Investment Properties are not held within a revaluation reserve.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of the reserves formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movements in the valuations of non-current assets do not impact on General Fund Balances and are not a charge or credit to council tax levies.

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

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2016	307,149	30,278	124,884	18,067	23,211	15,114	518,703	114,876
Additions	8,497	2,354	8,713	131	49	11,628	31,372	56
Upward revaluation of assets recognised in the Revaluation Reserve	11,509	0	0	0	150	0	11,659	1,310
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	1,539	0	0	0	30	0	1,569	83
Revaluation losses recognised in the Revaluation Reserve	(632)	0	0	0	(8)	0	(640)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(40,443)	0	0	0	(14,761)	0	(55,203)	(29,005)
Derecognition/disposal of non-current assets	(7,142)	(339)	0	0	(2,865)	0	(10,346)	0
Assets reclassified in year	(169)	0	0	0	(101)	0	(270)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2017	**280,309**	**32,293**	**133,597**	**18,198**	**5,705**	**26,742**	**496,843**	**87,320**
Accumulated Depreciation and Impairment								
At 1 April 2016	(30,369)	(18,318)	(22,602)	(3,590)	(15,034)	0	(89,914)	(10,019)
Depreciation charge	(5,466)	(3,453)	(3,191)	0	0	0	(12,110)	(2,294)
Upward revaluation of assets written out to the Revaluation Reserve	2,447	0	0	0	0	0	2,447	2,208
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Revaluation losses recognised in the Revaluation Reserve	89	0	0	0	0	0	89	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	6,065	0	0	0	11,921	0	17,986	5,821
Derecognition/disposal of non-current assets	667	339	0	0	2,578	0	3,584	0
At 31 March 2017	**(26,567)**	**(21,432)**	**(25,793)**	**(3,590)**	**(535)**	**0**	**(77,918)**	**(4,284)**
Net Book Value								
At 31 March 2017	**253,742**	**10,861**	**107,804**	**14,608**	**5,170**	**26,742**	**418,925**	**83,035**
At 31 March 2016	**276,779**	**11,960**	**102,282**	**14,477**	**8,177**	**15,114**	**428,789**	**104,857**
Nature of asset owned at 31 March 2017								
Owned	165,830	10,861	107,804	14,608	5,170	26,742	331,015	0
Finance Lease	2	0	0	0	0	0	2	0
PFI	102,620	0	0	0	0	0	102,620	102,620
	268,452	**10,861**	**107,804**	**14,608**	**5,170**	**26,742**	**433,637**	**102,620**

Details of the restated comparative year movements are below:

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 2015	349,119	32,033	117,499	17,907	23,968	8,508	549,034	114,806
Additions	10,985	3,181	7,385	160	61	6,606	28,378	70
Upward revaluation of assets recognised in the Revaluation Reserve	5,477	0	0	0	1,165	0	6,642	0
Upward revaluation of assets reversing prior year loss to Surplus/Deficit on the Provision of Services	362	0	0	0	1,167	0	1,529	0
Revaluation losses recognised in the Revaluation Reserve	(3,937)	0	0	0	(393)	0	(4,330)	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(10,989)	0	0	0	(2,577)	0	(13,566)	0
Derecognition/disposal of non-current assets	(43,313)	(4,936)	0	0	0	0	(48,249)	0
Assets reclassified in year	(555)	0	0	0	(180)	0	(735)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2016	**307,149**	**30,278**	**124,884**	**18,067**	**23,211**	**15,114**	**518,703**	**114,876**
Accumulated Depreciation and Impairment								
At 1 April 2015	(26,243)	(19,743)	(19,596)	(3,590)	(15,091)	0	(84,263)	(7,728)
Depreciation charge	(7,092)	(3,275)	(3,006)	0	0	0	(13,373)	(2,291)
Upward revaluation of assets written out to the Revaluation Reserve	409	0	0	0	29	0	438	0
Upward revaluation of assets written out to the Surplus/Deficit on the Provision of Services	233	0	0	0	0	0	233	0
Revaluation losses recognised in the Revaluation Reserve	903	0	0	0	0	0	903	0
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	726	0	0	0	28	0	754	0
Derecognition/disposal of non-current assets	695	4,699	0	0	0	0	5,395	0
At 31 March 2016	**(30,369)**	**(18,318)**	**(22,602)**	**(3,590)**	**(15,034)**	**0**	**(89,914)**	**(10,019)**
Net Book Value								
At 31 March 2016	276,779	11,960	102,282	14,477	8,177	15,114	428,789	104,857
At 31 March 2015	322,876	12,290	97,903	14,317	8,877	8,508	464,771	107,078
Nature of asset owned at 31 March 2016								
Owned	171,920	11,959	102,282	14,477	8,177	15,114	323,930	0
Finance Lease	2	0	0	0	0	0	2	0
PFI	104,857	0	0	0	0	0	104,857	104,857
	313,957	**11,959**	**102,282**	**14,477**	**8,177**	**15,114**	**465,966**	**104,857**

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

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Historical Cost	**14,189**	**32,293**	**133,597**	**18,198**	**51**	**26,742**	**225,070**
Fair Value at year end:							**0**
31 March 2013	7,916	0	0	0	531	0	**8,447**
31 March 2014	50,458	0	0	0	958	0	**51,415**
31 March 2015	38,005	0	0	0	24	0	**38,029**
31 March 2016	66,392	0	0	0	0	0	**66,392**
31 March 2017	103,020	0	0	0	4,142	0	**107,162**
Total Cost or Valuation	**279,979**	**32,293**	**133,597**	**18,198**	**5,705**	**26,742**	**496,514**

a. Assets Held for Sale

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

13. Heritage Assets

Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues and Other Monuments", which by their nature are located across the Borough, they are mainly held in the Council's art galleries and museums.

This collection of Heritage Assets has been secured over many years from a variety of sources, being mainly bequeaths, donations and long term loans. Assets acquired from these sources may have conditions attached which govern how the assets may be managed in the future. Any assets with conditions attached are recognised in Donated Assets as a long term liability in the Balance Sheet until any outstanding conditions cease.

Any acquisitions of Heritage Assets are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers. The Council's collections of Heritage Assets are accounted for as follows:

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

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

14. Investment Properties

Investment Property is held solely to earn rental income or for capital appreciation or both. Investment Property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period. Losses or gains are recognised in the Comprehensive Income and Expenditure Statement.

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

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

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

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

15. Intangible Assets

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

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

	2016/17 £000	2015/16 £000
Gross carrying amount	1,963	1,963
Accumulated amortisation	(1,638)	(1,350)
Balance at start of the year	**325**	**613**
Additions	0	0
In year amortisation	(291)	(288)
Balance at end of the year	**34**	**325**

16. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in a decrease in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

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

Explanation of movements in year:

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

17. Capital Commitments

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

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

18. Long Term Debtors

Long Term Debtors comprise amounts owed to the Council that are not investments and that are not expected to be realised within 12 months of the Balance Sheet date.

	31 March 2017 £000	31 March 2016 £000
Inspiredspaces Tameside (Holdings 1) Ltd	1,823	1,869
Inspiredspaces Tameside (Holdings 2) Ltd	3,308	3,348
Local Authority Mortgage Scheme (LAMS)	1,000	1,000
Manchester Airport	8,677	8,677
Tameside Sports Trust	4,524	2,259
Other Long Term Debtors	136	144
Total	**19,468**	**17,297**

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

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

Manchester Airport – The Council's share of loan debt relating to the construction of Terminal 2 and the Council's share of debt owing to the Greater Manchester Metropolitan Debt Administration Fund by the Airport. The Airport pays annual fixed interest of 12% on both and will repay the loans by 2055.

Tameside Sports Trust – Loans to finance the purchase of equipment and the refurbishment of three leisure centres. The Trust reimburses the Council with the full cost of servicing this debt. This is due to be repaid by 2025.

19. Financial Instruments

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

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

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

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

- **Financial Instrument Balances**

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

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

There are material changes to the Fair Value notes, some based on the category of their initial valuation:

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

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

Financial Assets Measured at Fair Value

Recurring fair value measurements	Input level	Valuation Technique	31 March 2017 £'000	31 March 2016 £'000
Available for Sale				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see * below)	852	852
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see * below)	1,509	1,509
Manchester Airport Group (MAG)	Level 2	Market Value	43,700	39,800
Total			**46,061**	**42,161**

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

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

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

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

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

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

- Short term debtors and creditors are carried at cost.

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

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

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £79.150m would be valued at £114.756m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would include the penalty charge of £35.606m, principal of £78.477m and accrued interest of £0.673m, totalling £107.161m.

The Council's financial assets are as follows:

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

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

As at 31st March the Council held £156.57m financial assets and £128.96m financial liabilities for which Level 3 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Money Market Funds, Local Authorities and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present, Value approach, which provides an estimate of the value of payments in the future in todays terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses early repayment rates to discount the future cash flows.

20. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

- Credit risk – the possibility that other parties might fail to pay amounts due;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

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

- By formally adopting the requirements of the Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its constitution;
- By approving annually in advance prudential indicators for the following three years limiting:
- The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt; and
    - Its maximum annual exposures to investments maturing beyond a year.

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

These are required to be reported and approved at or before the Council's annual budget setting meeting. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported bi-annually to Members.

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

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

These policies are implemented by the Treasury Management team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management practices. These Treasury Management practices are a requirement of the Code and are reviewed periodically.

Credit Risk

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

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

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

- Credit ratings of Short Term F1, Long Term A- or greater. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- Domiciled in a country which has a minimum sovereign rating AA;
- UK Institutions provided with support from the UK Government.

The full Investment Strategy for 2016/17 was approved by Full Council on 10 February 2016 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and financial institutions of £119.950m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the Balance Sheet date that this was likely to crystallise.

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

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

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

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

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

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above, as well as through a comprehensive cash flow management system, as required by the Code. This seeks to ensure that cash is available when it is needed.

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

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

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

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

Refinancing and Maturity Risk

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

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters used to address this risk.

The Council's approved Treasury Management and Investment Strategies address the main risks and the Treasury Management team address the operational risks within the approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

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

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

Market Risk

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

- Borrowings at variable rates – the interest expense charged to the CIES will rise;

- Borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the CIES will rise;
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

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

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

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

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 19 – Fair value of Financial Assets and Liabilities Carried at Amortised Cost. If using new borrowing rates rather than redemption rates, the equivalent change in fair value would be £28.997m.

Price Risk - The Council, excluding the Greater Manchester Pension Fund, does not generally invest in equity shares but does in common with all Greater Manchester Districts have a 3.22% shareholding in Manchester Airports Group (except Manchester City Council which holds 35.5%). The shares are shown in the Balance Sheet at an estimated fair value of £43.7m. Whilst this holding is generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

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

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

CURRENT ASSETS

21. Inventories

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

	Consumable Stores		Maintenance Materials		Work In Progress		Total	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	182	318	138	158	27	28	**347**	**504**
Purchases	791	615	429	411	0	0	**1,220**	**1,026**
Recognised as an expense in the year	(689)	(751)	(397)	(431)	3	(1)	**(1,084)**	**(1,183)**
Balance outstanding at year -end	**284**	**182**	**170**	**138**	**30**	**27**	**483**	**347**

22. Short Term Debtors

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

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

	31 March 2017 £000	31 March 2016 £000
Central Government Bodies	5,305	5,436
NHS Bodies	0	113
Other Local Authorities	273	429
Other Entities and Individuals	43,811	41,511
Public Corporations and Trading Funds	9	0
Allowance for Bad or Doubtful Debts	(18,505)	(15,955)
	30,893	**31,534**
Capital Debtors	1,536	2,083
Payments In Advance	6,290	4,094
Transferred Services	32	34
Total	**38,751**	**37,745**

23. Cash and Cash Equivalents

Cash and Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	31 March 2017 £000	31 March 2016 £000
Cash held by the Council	23	25
Short Term Investments	64,960	55,419
Bank Current Accounts	5,729	157
Bank Overdraft	0	0
Total	**70,712**	**55,601**

CURRENT LIABILITIES

24. Short Term Creditors

Short Term Creditors comprise amounts owed by the Council for work done, goods received or services rendered, for which payment has not been received at the Balance Sheet date.

	31 March 2017 £000	31 March 2016 £000
Central Government Bodies	(3,143)	(8,556)
NHS Bodies	(1,609)	(1,547)
Other Local Authorities	(570)	(360)
Other Entities and Individuals	(16,896)	(16,176)
Public Corporations and Trading Funds	(1,008)	(770)
Total	**(23,226)**	**(27,409)**
Capital Creditors	(4,833)	(4,875)
Deposits and Receipts in Advance	(1,412)	(2,176)
Short Term Accumulating Compensated Absences	(3,720)	(3,577)
Total	**(33,191)**	**(38,037)**

25. Other Long Term and Short Term Liabilities

Other Long Term and Short Term Liabilities comprise amounts due to individuals or organisations which will have to be paid at some time in the future. Long term liabilities are usually payable more than one year from the Balance Sheet date.

	Note	Long Term £000	Short Term £000	Total £000
2016/17				
Pension Liability	30	(294,902)	0	(294,902)
PFI	28	(105,179)	(2,585)	(107,764)
Finance Leases	27	(2,617)	(7)	(2,624)
Former Transferred Debt		(5,194)	0	(5,194)
Donated Assets		(10,658)	0	(10,658)
Rent Deposit on Leased Buildings		(30)	0	(30)
Total		**(418,580)**	**(2,592)**	**(421,172)**
2015/16				
Pension Liability	30	(273,932)	0	(273,932)
PFI	28	(107,764)	(2,432)	(110,196)
Finance Leases	27	(2,623)	(6)	(2,630)
Former Transferred Debt		(6,088)	0	(6,088)
Donated Assets		(10,658)	0	(10,658)
Rent Deposit on Leased Buildings		(15)	0	(15)
Total		**(401,080)**	**(2,438)**	**(403,519)**

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

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

26. Provisions

Provision has been made in the Balance Sheet for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES.

Short Term Provisions

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

Long Term Provisions

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

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

27. Leases

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

Finance Leases

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

- *If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)*
- *If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised*
- *If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:*
  - *The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.*
  - *The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*
- *At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:*
  - *Fair value of the leased asset is assessed by a RICS qualified valuer.*
  - *The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.*
  - *If this rate cannot be determined the incremental borrowing rate applicable for that year is used.*
  - *The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*

- *The leased assets are of such a specialised nature that only the lessee can use them without major modifications.*
- *If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.*
- *Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).*

- *The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.*

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

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

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

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

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

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

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

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

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

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

Operating Leases

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

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

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

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

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

Council as Lessor

During the year the Council continued to lease land and buildings by means of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

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

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

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

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

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

PFI credits are treated as general revenue government grants.

General

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

Hattersley Schools PFI Project

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

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

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

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

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

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

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £5.405m at April 2008 prices. 40% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity shareholding in this contract.

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

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

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £9.409m at 1 April 2010 prices. 27% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity shareholding in this contract.

Affordability

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

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

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

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

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

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

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

	Hattersley £000	Inspiredspaces Tameside (Hold Co 1) Ltd £000	Inspiredspaces Tameside (Hold Co 2) Ltd £000	Total £000
Cost or Valuation				
At 1 April 2016	15,950	39,223	59,703	114,876
Additions	56	0	0	56
At 31 March 2017	**16,006**	**39,223**	**59,703**	**114,932**
Accumulated Depreciation and Impairment				
At 1 April 2016	(1,786)	(3,491)	(4,742)	(10,019)
Depreciation charge	(338)	(770)	(1,185)	(2,294)
At 31 March 2017	**(2,124)**	**(4,261)**	**(5,927)**	**(12,313)**
Net Book Value				
At 31 March 2017	**13,882**	**34,962**	**53,776**	**102,619**
At 31 March 2016	**14,164**	**35,732**	**54,961**	**104,857**

Details of restated comparative movements in PFI assets are below:

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

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

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

Details of comparative movements in PFI liabilities are below:

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

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

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

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

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

29. Pension Schemes Accounted for as Defined Contribution Schemes

Pensions Costs

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

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

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

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

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

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

Service cost comprising:

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

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

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

Re-measurement comprising:

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

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

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

Early Retirement, Discretionary Payments

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

Teachers' Pension Scheme

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

In addition, the Council is responsible for all pension payments relating to added years that it has awarded (plus annual related increases). The Council is also responsible for apportioned pension costs for supported early retirements (teachers taking early retirement between the ages of 50 to 60), together with the related increases. In 2016/17 these costs amounted to £1.888m (£1.972m in 2015/16). All the above figures exclude teachers' pay and pension contributions for the academies that have retained responsibility for their own payrolls.

The Council is responsible for any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 30.

NHS Staff Pension Scheme

In 2016/17, the Council paid £0.055m (£0.074m in 2015/16) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. These contributions are based on a national rate of 14.1% throughout the financial year.

The Council is responsible for the costs awarded upon early retirement outside the terms of the NHS scheme; however no such additional benefits have been awarded in 2016/17.

30. Defined Benefit Pension Schemes

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

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

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

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

Transactions Relating to Post-employment Benefits

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

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

a. Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

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

Reconciliation of the Movements in Fair Value of Scheme Assets:

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

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

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

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

b. Basis for Estimating Assets and Liabilities

The Council's liabilities in respect of the Greater Manchester Pension Fund have been assessed under IAS19 (Employee Benefits) by Hymans Robertson, an independent firm of actuaries, using the projected unit credit method. The liabilities have been estimated based on the results of the Fund's 31 March 2016 actuarial valuation.

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

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

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

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

c. Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all the other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with that adopted in the previous year.

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

d. Impact on the Council's Cash Flows

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

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

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

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

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

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

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

CASH FLOW STATEMENT NOTES

31. Operating Activities

The cash flows for operating activities include the following items:

a) Adjust net surplus or deficit on the provision of services for non-cash movements	2016/17 £000	2015/16 £000
Depreciation and amortisation of non-current assets	(12,401)	(13,663)
Movement in Allowance for Bad or Doubtful Debts	0	0
(Increase)/Decrease in Creditors	2,701	3,877
Increase/(Decrease) in Debtors	1,696	4,443
Pensions Liability	(9,054)	(14,713)
Revaluation Losses	(35,648)	(12,813)
Carrying value on disposal of non-current assets	(7,808)	(45,374)
Other non-cash adjustments	7,630	2,379
	(52,885)	**(75,864)**

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

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

32. Investing Activities

	2016/17 £000	2015/16 £000
Purchase of property, plant and equipment, investment property and intangible assets	31,449	28,409
Purchase of short term and long term investments	186,100	153,100
Other movements in investing activities	2,265	12,132
Proceeds from the sale of non-current assets	(4,140)	(7,903)
Proceeds from short term and long term investments	(187,600)	(86,100)
Other receipts from investing activities	(23,252)	(19,709)
Net cash flows from investing activities	**4,822**	**79,929**

33. Financing Activities

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

OTHER NOTES

34. Member's Allowances

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

35. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require General Fund Balances to be charged with the amount payable by the Council to the Pension

Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17 £000	2015/16 £000
£0-£20,000	0	0	63	148	63	148	424	1,617
£20,001-£40,000	0	0	2	32	2	32	46	845
£40,001-£80,000	0	0	0	1	0	1	0	48
Total	**0**	**0**	**65**	**181**	**65**	**181**	**470**	**2,510**

36. Officer's Remuneration

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

	2016/17				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant	168,598	168,598	0	34,057	**202,655**
Executive Director of People	125,042	125,042	0	25,258	**150,300**
Executive Director of Place	116,436	116,436	0	23,520	**139,956**
Executive Director of Governance & Resources (Borough Solicitor)	125,243	125,243	0	25,299	**150,542**
Executive Director of Pensions *		9,054	0	0	**9,054**
Director of Public Health	97,478	92,965	0	19,691	**112,656**
Assistant Executive Director (Section 151 Officer) **					**0**

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

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

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

Employees' Remuneration

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

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

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

37. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but have been disclosed below.

The Council has the following contingent liabilities at the Balance Sheet date:

Manchester Airport Group (MAG)

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

Guarantees

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

The Council is also guarantor in respect of employer's liability arising out of admission agreements made under the Local Government Pension Scheme Regulations 1997 for Ashton Pioneer Homes Limited (transferred staff), the Cash Box Credit Union Limited, Meridian Healthcare Limited (previously Tameside Care Limited), Tameside Citizens Advice Bureau, Groundwork MSSTT (Ex-Tameside staff), Carillion AMBS Ltd (Ex-Tameside staff).

Warranties relating to the housing transfer

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

Maintenance of Pathways and Roads

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

Greater Manchester Loan Funds Guarantee

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

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

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

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

Droylsden Canalside Development

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

Housing Investment Fund

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

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

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

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

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

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

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

38. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but have been disclosed below where it is probable that there will be an inflow of economic benefits or service potential.

Disabled Facilities Grants

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

39. External Audit Costs

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

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

40. Events after the Balance Sheet Date

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly.

However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

The Statement of Accounts was authorised for issue by the Assistant Executive Director, Resources (Section 151 Officer) on 31 July 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

41. Accounting Policies

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

General Policies

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

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

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

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

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

Going Concern

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

Accruals Concept

The Council accounts for income and expenditure in the period to which the service has taken place, rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

Cost of Services

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

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

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

Value Added Tax (VAT)

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

Changes in Accounting Policy

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

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Previous Year Adjustments

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Council's financial position or financial performance.

Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by way of a prior period adjustment and an appropriate disclosure in the notes to the accounts.

A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

Exceptional and Extraordinary Items

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

Revenue Recognition

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

Revenue Recognition

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

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

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

42. Critical Judgements in Applying Accounting Policies

The following are critical management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 43.

Accounting for Schools – Consolidation

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

Accounting for Schools – Balance Sheet Recognition of Schools

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

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet.

The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

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

The Roman Catholic Dioceses of Salford and Shrewsbury and the Church of England Dioceses of Chester and Manchester all responded in writing to confirm that the Voluntary Controlled (VC) and VA schools occupy the school premises under the direction of the trustees and that the legal ownership resides with the religious body. The Council has also had confirmation that the religious bodies referred to above account for the school buildings within their Balance Sheets.

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

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

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

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

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

Accounting for Schools - Transfers to Academy Status

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

Leases

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

Funding

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

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

Property, Plant and Equipment

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

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for the cost of successful appeals against Business Rates charged to businesses in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2017. The estimate has been calculated using the latest Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2017

Debt Impairment

The Council has included an impairment allowance for doubtful debts in the accounts based on a review of the Council's significant short term debtor balances. In the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required.

PFI and Similar Arrangements

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

Pensions Fund Liability

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

Manchester Airports Group (MAG)

The Council's 3.22% shareholding in MAG is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised.

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

Housing Benefit Subsidy

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

Reserves

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

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

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

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

Minimum Revenue Provision

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

- Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating MRP. It will be provided for in equal instalments over 50 years. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

- The following will be required in relation to borrowing taken up on or after 01/04/2015. MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated; the debt will be fully extinguished at the end of period.

- For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project.

44. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include Central Government (UK), Members, Officers, other public bodies and entities controlled or significantly influenced by the Council.

Central Government (UK)

Central Government (UK) has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax billing and Housing Benefits). Grants received from government departments are set out in Note 5.

Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2016/17 is shown in Note 34.

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

Members hold positions on boards of various community and voluntary organisations in and around Tameside. In 2016/17 there were no material transactions with any individual bodies where a member has a controlling interest in the organisation. Transactions with the indivual bodies where a member has an influence in the organisation are as follows;

a. New Charter Housing Trust

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

b. Tameside Sports Trust

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

Chief Officers

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

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

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

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

Other Public Bodies

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

Greater Manchester Pension Fund (GMPF)

The Council administers the GMPF, but there are separate management and governance arrangements in place to ensure the GMPF is able to act as an independent entity. Further details can be found in the GMPF Statement of Accounts on page 115.

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

Entities Controlled or Significantly Influenced by the Council

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

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

- *A new definition of subsidiaries based on a remodelled control test;*
- *New classifications for joint operations and joint ventures; and*
- *Extended and revised disclosure requirements for group accounts.*

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

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

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

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

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

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

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

A review of the Council's relationship with other entities has also been undertaken to ensure they are properly reported. Following the current guidance, with the exception of the investments in the two holding companies above, it is clear that the Council is not in a further group arrangement, as it does not have the ability to exercise either influence or control at a material level over another entity.

45. Agency Services and Pooled Budgets

Agency Services

	HMP £000	iStandUK £000	i-Network £000	GMPHN £000
Balance Brought Forward	**(3,015)**	**(1)**	**32**	**(955)**
Contributions	(750)	(191)	(394)	(1,357)
Interest earned on Balances	(13)	0	0	0
Total Income	**(763)**	**(191)**	**(394)**	**(1,357)**
Employee Expenses	0	4	255	663
Payments as per Business Plan	195	0	0	0
Premises Expenses	0	0	7	0
Project Payments to Authorities	0	0	0	58
Supplies and Services Expenses	0	210	88	534
Total Expenditure	**195**	**214**	**350**	**1,255**
Receipt in Advance	**(3,583)**	**22**	**(12)**	**(1,057)**

Hattersley/Mottram Project (HMP)

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

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

iStandUK

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

i-Network

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

Greater Manchester Public Health Network (GMPHN)

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

Pooled Budgets

Integrated Community Equipment Service (ICES)

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

46. Building Control

The Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. The Council aims to ensure that, taking one financial year with the next, Building Control fees are set to cover costs without generating a material surplus or loss.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities, including pre-application advice of up to one hour duration. The total net cost of operating the Building Control Unit was £0.161m in 2016/17, which was made up of a deficit on chargeable activities of £0.159m and a deficit on non-chargeable activities of £0.002m.

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

47. Integrated Commissioning Fund (ICF)

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

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

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

The ICF is categorised into 3 distinct areas;

Section 75 Services
This relates to the legislation that allows the establishment of pooled funds between NHS bodies and local authorities at a local level.

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

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

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

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

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

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

Supplementary Financial Statements

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

Collection Fund

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

Income and Expenditure Account for the year ended 31 March 2017

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

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

Notes to the Collection Fund

1. Overview

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

The Council has a statutory requirement to operate a separate Collection Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NDR. The administrative costs associated with the collection process continue to be charged to General Fund Balances.

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

2. Council Tax

All domestic properties are placed in one of eight valuation bands. Each year the Council must estimate the number of properties in each band and after allowing for discounts, exemptions and losses on collection, the net number of properties is then converted into a Band D equivalent in order to calculate the Council Tax base for tax setting purposes. The income which the Council requires to be raised is then divided by the Council Tax Base to give the Band D equivalent Council Tax for the year.

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

3. NDR

The Council collects NDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform Business Rate set nationally by Central Government.

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

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

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

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

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

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

	Total Number Of Dwellings	Equiv-alent After Dis-counts etc.	Specified Ratio	Band D Equiv-alents	Income To Be Raised £000	Band D Equiv-alent Council Tax £	2015/16 Council Tax (Including Mossley Parish) £
Disabled relief	0	2	5/9	1			
Band A	2,820	1,962	6/9	1,308			1,005.15
Band B	878	756	7/9	588			1,172.67
Band C	1,007	884	8/9	786			1,340.19
Band D	358	347	9/9	347			1,507.73
Band E	174	168	11/9	205			1,842.78
Band F	48	46	13/9	67			2,177.82
Band G	13	11	15/9	19			2,512.88
Band H	1	1	18/9	2			3,015.46
	5,299	**4,177**		**3,323**	**31**	**9.82**	
Less allowance for losses on collection				**(167)**			
Total Mossley Council Tax Base 2016/17				**3,156.3**			

Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

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

Income and Expenditure Account for the year ended 31 March 2017

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

The Balance Sheet as at 31 March 2017

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

1. Analysis by Responsible Authority

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

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

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

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

2. Analysis by Type of Loan

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

3. Financial Instrument Balances

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

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

4. Financial Instruments Gains / Losses

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

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

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

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

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

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

The fair values are as follows:

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

The fair value is greater than the carrying amount because the portfolio of loans relating to the GMMDAF includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Fund will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the GMMDAF has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Fund will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £68.547m would be valued at £81.150m. But, if the Fund were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would include the penalty charge of £12.614m, principal of £67.963m, and accrued interest of £0.584m, totalling £81.162m.

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

6. Nature and extent of risks arising from Financial Instruments

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

Statement of Responsibilities

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

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Assistant Executive Director, Resources (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

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

The Assistant Executive Director, Resources (Section 151 Officer) is responsible for the preparation of the Council's Statement of Accounts and those of the Greater Manchester Pension Fund in accordance with proper practices as set out in the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17*.

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

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

The Assistant Executive Director, Resources (Section 151 Officer) has also:

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

Assistant Executive Director, Resources (Section 151 Officer) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council and Greater Manchester Pension Fund at 31 March 2017, and its income and expenditure for the year ended 31 March 2017.

Signed: Date: 31 July 2017

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

Glossary of Financial Terms

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses
Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation;
- the actuarial assumptions have changed.

Agency Services
These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Associate Companies
This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over whose operating and financial policies the reporting Authority is able to exercise significant influence.

Association of Greater Manchester Authorities (AGMA)
AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Billing Authority
An authority which collects Council Tax, Business Rates and precepts on behalf of itself and other bodies.

Capital Expenditure
This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Costs
This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

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

Capital Receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure.

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

Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalents are investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Collection Fund
A fund administered by the Council that shows the transactions of the billing authority, in relation to the collection from taxpayers of Council Tax and NDR and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund Balances. The Collection Fund is maintained separately, as a statutory requirement.

Community Assets
Non-current assets that an authority intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

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

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

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

Council Tax
This is the main source of local taxation to Local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund Balances.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors
Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the Balance Sheet.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Debtors
These are sums of money due to the Council that have not been received at the Balance Sheet date.

Deferred Capital Receipts
These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Defined Benefit Scheme
This is a pension or other retirement benefit scheme other than a Defined Contribution Scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme
A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NDR (also known as Business Rates)
Business Rates is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all local authorities.

Net Book Value (NBV)
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for by depreciation.

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

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

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

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

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

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

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

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

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

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

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all Senior Officers from Assistant Director and above and the Pension Fund.

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

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

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

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

Treasury Management
This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy
A Strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Unsupported (Prudential) Borrowing
This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Useful Economic Life
The period over which the Council will derive benefits from the use of an asset.

Greater Manchester Pension Fund Statement of Accounts 2016/17

****DRAFT (UNAUDITED)****

Fund Account for the Year Ended 31 March 2017

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

Net Assets Statement at 31 March 2017

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

Notes to Greater Manchester Pension Fund

1a. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in Note 22. These financial statements should be read in conjunction with that information.

1b. The Management and Membership of the Greater Manchester Pension Fund

Tameside MBC is the statutory Administering Authority for the Greater Manchester Pension Fund (GMPF). The administration and investment performance of GMPF is considered and reviewed every quarter by the Management Panel, which consists of 21 elected Members (12 from Tameside MBC, being the Administering Authority, and 9 from other Greater Manchester local authorities) and a representative from the Ministry of Justice.

The Management Panel is advised in all areas by the Advisory Panel. Each of the 10 Greater Manchester local authorities and the Ministry of Justice are represented on the Advisory Panel and there are 6 employee representatives nominated by the North West TUC. There are also 4 External Advisors who assist the Advisory Panel, in particular regarding investment related issues.

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

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

GMPF also has 6 Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. These Working Groups cover:

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

There are 3 Officers to GMPF:

- Executive Director of Governance, Resources & Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings

- Chief Executive and Executive Director of Governance, Resources & Pensions – jointly responsible for the provision of legal and secretarial services to the Management and Advisory Panels
- Interim Assistant Executive Director of Finance – responsible for preparation of Administering Authority's accounts which includes GMPF's Statement of Accounts

GMPF's investment strategy is implemented by management arrangements which include:
- 3 external Investment Managers that manage multi asset briefs
- 1 external manager with a global equity brief
- 2 external managers with a direct and indirect UK property brief
- Internal management of cash, private equity, infrastructure, generalist pooled property funds, local and other unquoted investments

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

GMPF is a pension fund which administers the statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees other than teachers, fire fighters and police officers for whom separate arrangements exist. In addition, other qualifying bodies, which provide similar services to that of local authorities, have been admitted to GMPF.
GMPF operates a career average scheme whereby as each year goes by members build up a set portion of pay as a pension. It is funded by contributions from employees, which are set out in regulations, and variable contributions from employers, which take account of the relationship of assets held to liabilities accrued (see Actuarial Review of GMPF – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Public Service Pension Schemes Act 2013.

The membership of GMPF as at 31 March 2017 and the preceding year is shown below:

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

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

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

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

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. Individual transfer values are recognised on a received or paid basis.

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

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

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

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest, property rent and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

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

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

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

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

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

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

At 31 March 2017	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2016 subsequently adjusted for transactions undertaken between 1 January 2017 and 31 March 2017. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2017 by GVA. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book which takes into account unobservable pricing inputs such as existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels, estimated rental growth and the discount rate.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. Changes in rental growth void levels or the discount rate used will impact on valuations. General changes in property market prices could also affect valuations.
Indirect property (part of Pooled Investment Vehicles)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.

At 31 March 2017	Valuation basis/technique	Main assumptions
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	
Private equity, infrastructure and special opportunities portfolios	The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models.	In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.
Cash and other net assets	Value of deposit or value of transaction	Cash and account balances are short-term, highly liquid and subject to minimal changes in value.

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

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

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

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

Management Expenses: Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page 116. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3 yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

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

Administration Expenses are included within Management Expenses within the Fund account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

Net (Profit)/Loss on Foreign Currency: Net (profit)/loss on foreign currency comprises the change in value of short-term deposits due to exchange rate movements during the year.

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

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

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

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

Transfers: Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.
Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers are accounted for on an accruals basis.

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

2a. Critical judgements in applying accounting policies

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

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

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

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

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

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

3. Classification of Financial Instruments

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

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

Note: the above table does not include investment property.

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

Note: the above table does not include investment property.

Net Gains and Losses on Financial Instruments

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

3a. Valuation of assets carried at fair value

The table below provides an analysis of the assets and liabilities of GMPF that are carried at fair value in the GMPF Net Asset Statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in Note 11.

	At 31 March 2017			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	8,500,608	0	0	8,500,608
Fixed interest	0	1,517,437	0	1,517,437
Index linked	0	514,037	0	514,037
Derivatives	0	121	0	121
Pooled investment vehicles	0	7,052,478	2,140,003	9,192,481
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	552,470	552,470
Total	**8,500,608**	**9,084,073**	**2,692,473**	**20,277,154**

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

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

The valuation of assets has been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1
Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

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

Level 3

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

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

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

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

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

4. Financial risk management

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

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

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

GMPF's approach to risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.

This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.

GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

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

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2016 and 2017. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

If the market price of GMPF's investments increases or decreases over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits as at 31 March 2016 and 2017 would have been as shown in the tables below.

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

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

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

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

Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2017, GMPF had £372,277,000 (2015/16 £323,232,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £3,723,000 (2015/16 £3,232,000) on an annualised basis.

Currency risk

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

Credit risk

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

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

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

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority, credit criteria. TMBC has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, TMBC invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all had a "AAA" rating from a leading ratings agency.

TMBC believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits. GMPF's cash holding under its Treasury Management arrangements at 31 March 2017 was £845,372,000 (31 March 2016 £606,958,000). This was held with the following institutions.

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

SSGA	AAA	24,000	50,000
GOLDMANS	AAA	0	32,880
IGNIS	AAA	50,000	50,000
D B Advisors	AAA	50,000	50,000
Prime Rate	AAA	50,000	50,000
Morgan Stanley	AAA	50,000	45,930
Legal & General	AAA	50,000	50,000
Invesco	AAA	9,300	50,000
Banks			
Heleba	A+	0	25,000
CIBC	AA-	0	25,000
Barclays	A	0	50,000
RBS	BBB+	8,043	16,022
Local authorities & public bodies			
Salford Council	N/A	9,000	0
Cambridgeshire County Council	N/A	0	10,000
Telford & Wrekin Council	N/A	28,000	10,000
Newport Council	N/A	5,000	0
Greater London Authority	N/A	25,000	0
Eastleigh Council	N/A	10,000	0
West Dunbartonshire Council	N/A	0	10,000
Highland Council	N/A	18,000	0
London Borough Hackney	N/A	0	15,000
Birmingham City Council	N/A	0	25,000
Dundee Council	N/A	8,000	0
Glasgow Council	N/A	48,615	0
Dumfries & Galloway Council	N/A	5,000	0
Barking & Dagenham Council	N/A	5,000	0
King's Lynn & West Norfolk Council	N/A	4,000	0
Middlesbrough Council	N/A	5,000	0
Norfolk P&C Commissioner	N/A	6,000	0
Northumbria P&C Commissioner	N/A	9,000	0
Stockport Council	N/A	5,000	0
North Ayrshire Council	N/A	0	5,000
Leeds City Council	N/A	0	15,000
Totals		**606,958**	**845,372**

Liquidity risk

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

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

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

All financial liabilities at 31 March 2017 are due within one year.

The majority of GMPF assets are liquid, their value could be realised within one week. The table below shows GMPF investments in liquidity terms.

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

Management prepares periodic cash flow forecasts to understand and manage the timing of GMPF's cash flows. The appropriate strategic level of cash balances to be held is a central consideration when preparing GMPF's annual investment strategy.

The effects of reductions in public expenditure are expected to result in a significant maturing of GMPF's liabilities, with fewer employee members and more pensioner and deferred members. However, when income from investments is taken into account, GMPF is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

5. Contributions

By Category

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

By Authority

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

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in Note 20 of these statements.

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

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

6. Benefits Payable

By Category

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

By Authority

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

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

7. Payments to and on account of leavers

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

8. Management Expenses

The costs of administration and investment management are met by the employers through their employer contribution rate.

In June 2016, CIPFA published guidance on Accounting for LGPS Management Costs. The aim of this guidance is to assist in the improvement of consistent and comparable data across LGPS funds. GMPF Scheme management costs have been categorised in accordance with this guidance in the tables below.

Investment management expenses:

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

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

Administrative costs:

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

Oversight and governance costs:

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

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

9. Investment income

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

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

9a. Investment Return by Proxy

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

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

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2016/17 amounts to £3,914,000 (2015/16 £2,612,000) and is shown as a tax charge.

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

11. Investments at fair value

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

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

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

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

Bonds

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

Investment Property

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

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

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

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

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

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

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

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

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

.**Future Operating Lease Rentals Receivable**

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

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

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

Derivatives

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

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

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

Forward Currency Contact	Within one month	USD	1,391	AUD	1,850	0	(16)
Forward Currency Contact	Within one month	JPY	940,417	GBP	6,720	30	0
Forward Currency Contact	Within one month	EUR	9,607	GBP	8,400	0	(181)
Forward Currency Contact	Within one month	USD	15,917	GBP	12,726	0	(294)
Forward Currency Contact	Within one month	NOK	15,632	USD	1,850	0	(24)
Forward Currency Contact	Within one month	USD	2,137	MXN	41,190	0	(34)
Forward Currency Contact	Within one month	USD	991	ZAR	13,300	2	0
Total						**913**	**(792)**

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

Pooled investment vehicles

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

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

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

Cash

31 March 2016 £000		31 March 2017 £000
608,801	Sterling	846,540

18,985	Foreign currency	21,851
627,786		**868,391**

Other investments balances and net assets

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

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

Public managers
Since 1 April 2016 transaction costs in respect of the purchase and sale of equities have been respectively excluded or included in the prices reported in the Net Assets Statement and charged to the Fund Account. Details may be seen at Note 8.

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

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

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

Management Costs

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

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

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

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund. The assets in 2015/16 consisted of investment properties (see Note 11) and a unit trust (valued at £47,665,000). During 2016/17 the unit trust was sold.

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

13. Designated funds

A small number of employers within GMPF have a materially different liability profile. Some earmarked investments are allocated to these employers. The investments of the designated fund incorporated in the Net Asset statement are as follows:

31 March 2016 £000		31 March 2017 £000
138,641	Index linked	127,001
112,999	Cash	72,348
1,288	Other investment balances	1,239
0	Inflation funds	29,422
252,928		**230,010**

14. Summary of managers' portfolio values at 31 March

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

15. Concentration of investment

As at 31 March 2017, GMPF held, respectively, 15.8% and 13.5% of its net assets in insurance contracts MF32950 and MF36558 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:-

POLICY MF32950

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

POLICY MF36558

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

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

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

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

16. Notifiable interests

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

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

17. Commitments

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

The above expenditure was contractually committed as at 31 March and a series of staged payments are to be made at future dates.

18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £6,238,000 on behalf of GMPF and reclaimed from HMRC VAT (net) of £336,000. Total payments due to Tameside MBC therefore, amounted to £5,902,000 (2015/16 £8,357,000). GMPF reimbursed Tameside MBC £5,280,000 for these charges and there is a creditor of £622,000 owing to Tameside MBC at the year end (2015/16 £578,000 within Creditors). This creditor has been settled since the year end.

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

http://www.tameside.gov.uk/constitution/part6

Other key management personnel full time and total remuneration and employer's pension contributions are as shown below:-

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

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

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

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts Local Authorities on the Key Management Personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in Section 3.4 of the code (which are derived from the requirements of Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations 2011 and Regulation 7A of the Accounts and Audit (Wales) Regulations (2005) satisfy the Key Management Personnel disclosure requirements of paragraph 16 of IAS 24.

The disclosures required by regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the administering authority - Tameside MBC.

No senior officers responsible for the administration of GMPF have entered into any contract (other than their contract of employment) with Tameside MBC (administering authority).

A number of officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets and other assets which GMPF has a joint interest with other LGPS funds. These are:

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

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. However, separate legislation came into effect from 2014 rescinding this and all Councillors in the LGPS had their benefits deferred on expiry of their terms of office.

The following members of the Management and Advisory Panels are consequently deferred pensioners.

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

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

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

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

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

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

Name	Position
J Thompson	Employee representative
F Llewellyn	Employee representative
R Paver	Employer representative
P Catterall	Scheme Member representative

Each member of the Local Board, the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the members by their respective Councils. Those relevant to GMPF Management Panel or Board membership are listed on the next page:

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

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

19. Employer related investment

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

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

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

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

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

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

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

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

22. Actuarial Review of GMPF

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

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

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

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

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

The key financial assumptions adopted for the 2016 valuation were:

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

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

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

23. Stocklending

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

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

24. AVC Investments

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

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

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

" Unit-linked funds only

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2016/17 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2016/17.

Financial Assumptions

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

Mortality

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

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

* future pensioners are assumed to be currently aged 45

Commutation

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

Value of promised retirement liabilities

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

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

Sensitivity analysis

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

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

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

It should be noted that the above figures are only appropriate for the preparation of the accounts of GMPF. They should not be used for any other purpose.

Report To:	**OVERVIEW (AUDIT) PANEL**
Date:	11 September 2017
Executive Member / Scrutiny Panel:	Councillor K Welsh – Chair to Place and External Relations Scrutiny Panel Councillor Allison Gwynne, Executive Member (Clean and Green)
Subject:	**REVIEW INTO THE IMPACT OF BIN SWAP AND DELIVERING FUTURE IMPROVEMENTS TO RECYCLING**
Report Summary:	The Chair to Place and External Relations Scrutiny Panel to comment on the Executive Response **(Appendix 1)** to the scrutiny review into the Impact of Bin Swap and Delivering Future Improvements to Recycling and the recommendations made to support future services **(Appendix 2).** Produced in February 2017, the report concludes the in-depth review undertaken by a working group of the Scrutiny Panel between August and November 2016. The Executive Response meeting took place shortly after the report was finalised, with recommendations shared with the service as soon as possible for action. The responses detailed in **Appendix 1** of the report were presented to the Scrutiny Panel on 13 June 2017. The Panel will undertake further progress monitoring when dates for the responses have passed.
Recommendations:	That the Overview (Audit) Panel note the recommendations detailed in Section 9 of **Appendix 2.**
Links to Community Strategy:	This review supports the Community Strategy priorities relating to ‘Attractive Tameside’.
Policy Implications:	The review itself has no specific policy implications. Should the recommendations of this report be accepted by the Tameside Council’s Executive, the relevant services will need to assess the policy implications of putting individual recommendations in place.
Financial Implications: **(Authorised by the Section 151 Officer)**	The financial impact of the Bin Swap scheme has contributed to a reduction in the Waste Levy of (£3.872 million) from £17.453 million in 2013/14 to £13.581 million in 2016/17. In addition to this we also received rebates totalling £765,318 (£595,331 2015/16 and £169,987 2016/17). These savings have assisted in enabling the Council to produce a balanced budget.
Legal Implications: **(Authorised by the Borough Solicitor)**	This was an important review as it looked at a significant cost saving proposal that the public were consulted upon so it was important to ensure delivered and that it continues to do so and whether necessary to put any changes in place to maintain effectiveness and fairness for all residents.
Risk Management:	Reports of Scrutiny Panels are integral to processes which

	exist to hold the Executive of the authority to account
Access to Information:	The background papers relating to this report can be inspected by contacting Paul Radcliffe by: Telephone: 0161 342 2199 e-mail: paul.racliffe@tameside.gov.uk

APPENDIX 1

Post Scrutiny - Executive Response

In Respect of: Review into the Impact of Bin Swap and Delivering Future Improvements to Recycling
Date: 13 June 2017
Executive Member: Councillor Allison Gwynne (Clean and Green)
Coordinating Officer: Ian Saxon, Assistant Executive Director, Environmental Services

Recommendations	Accepted/ Rejected	Executive Response	Officer Responsible	Action By (Date)
1. That the Council has a positive and proactive approach towards continually reviewing existing practices, with particular attention to frequency of collections for all bin types, to improve both recycling and seasonal capture rates.	Accepted	Significant environmental and financial benefits have been achieved through Bin Swap. This has brought a more positive approach to change and an increased confidence in the Council's ability to deliver future improvements. A recent review of collections has resulted in the Council increasing the frequency of Blue Bin collections across the borough, which further increases household recycling capacity. It is imperative that the Council pushes on past Bin Swap and work to identify all possible improvements will be ongoing. This will include a constant review of collection rounds and lower performing areas.	Garry Parker	September 2017

Recommendations	Accepted/ Rejected	Executive Response	Officer Responsible	Action By (Date)
2. That significant priority and focus is placed on low performing areas, with the need to identify all potential barriers and deliver a more targeted, tailored and sustained approach to improve recycling rates.	Accepted	Recycling performance data shows that there is still more work to do in some of Tameside's lowest performing areas for recycling. In conjunction with the increased collection frequency of blue bins, work will be undertaken to improve the way that contamination is identified, recorded, relayed back to residents and used to inform enforcement plans. A recent investment in technology allows more data to be recorded by all collection vehicles, ranging from missed bins and contamination. Further work will also be undertaken to identify all factors that create barriers to recycling, including ongoing education, property types and targeted pieces of work in specific areas.	Garry Parker	October 2017
3. With a fixed housing stock and type, the Council look to break down potential barriers to why certain residents fail to recycle effectively, ensuring feedback and practical experience from collection crews is factored within new strategies.	Accepted	Waste Services operate collection rounds in a way that allows the recycling needs of all property types to be met. Tameside does have a relatively large number of terraced properties, which along with flats and apartments can present certain challenges for collection. Adding to the response to recommendation 2, the service is looking to maximise the amount of information and data it receives from all collection crews. Each vehicle has now been fitted with a tablet and during 2017 it is envisaged that greater staff engagement and recording will inform new strategies.	Garry Parker	Quarterly

Recommendations	Accepted/ Rejected	Executive Response	Officer Responsible	Action By (Date)
4. That the Council maximises all available opportunities to improve local approach, using information and learning available from GMWDA and connections with other Greater Manchester authorities.	Accepted	We will continue to work with our partners to continually review and improve the service offer. Links with GM Authorities is also valuable in order to maximise performance and reduce costs. The Council is well represented within GMWDA and the Strategic and Partnership Officers Groups. This allows Tameside to share learning and be well positioned to further strengthen local strategies. With a shared Greater Manchester target to achieve 50% recycling to meet the UK standards; we will share knowledge on associated work such as enforcement and communications activity.	Garry Parker	July 2017
5. That where possible the Council look to pilot new ideas and build proposals to solve localised recycling issues, which support initiatives such as 'Zero Waste' and can generate GMWDA funding and support.	Accepted	We will continue to work with our partners; service users and stakeholders to continually improve the service offer. Woking with the GMWDA we monitor best practice across GM and plan future campaigns based on tested initiatives maximising the impact of all available resources.	Garry Parker	December 2017
6. That evidence gathering with partners such as Registered Social Landlords can establish a clearer indication to what prevents households from recycling, leading to specific projects being trialled.	Accepted	We agree with this as an approach to tackling hard to reach areas and the some of the causes of wider anti-social behaviour. We accept the recommendation and will work with officers within housing and waste related partners to review our approach to this area.	Garry Parker	December 2017

Recommendations	Accepted/ Rejected	Executive Response	Officer Responsible	Action By (Date)
7. That close monitoring is undertaken on the actual number of fly tipping issues being reported within low recycling areas, with the view to improving intelligence and to support future interventions.	Accepted	Flytipping information is collected and reported via the Enforcement Panel Reports and we the data will continue to be used to tailor the service and maximise impact. We have changed our approach to flytipping and have set up a joint operational and enforcement team to quickly tackle areas where fly tipped waste is reported. Matching this data with known areas of low recycling allows us to have a bigger impact on the overall performance.	Garry Parker	December 2017
8. That for enforcement initiatives such as overt CCTV, the Council ensures all necessary compliance with Regulation of Investigatory Powers Act (RIPA).	Accepted	Waste Services will liaise with the Council's legal team during all enforcement activities to ensure legal compliance is maintained.	Garry Parker	Ongoing
9. That with some uncertainty associated with the UK leaving the European Union, the Council closely monitor all potential changes and impacts to ensure Tameside's Waste Strategy is as robust as possible.	Accepted	Working with our partners at GMWDA we will continually monitor and review the impact this may have on Waste Policy and any future waste ambition that the UK are likely to sign up to.	Garry Parker	Ongoing

APPENDIX 2

1. INTRODUCTION BY THE CHAIR OF THE PLACE AND EXTERNAL RELATIONS SCRUTINY PANEL

1.1 I am pleased to present this report of a review into the Impact of Bin Swap and Delivering Future Improvements to Recycling undertaken by the Place and External Relations Scrutiny Panel.

1.2 Sustainable waste management has come to the forefront of local and national affairs over recent years. This has primarily been led by the environmental impact and financial awareness relating to the amount of waste sent to costly landfill.

1.3 As legislation on waste management has imposed stricter targets, local authorities have had a greater responsibility to design new waste management strategies to increase recycling rates.

1.4 Landfill waste can have detrimental impacts on local environments and it is a significant contributor to global warming and the rising levels of greenhouse gases. Landfill is also costly to local authorities, with each tonne costing Tameside £308.25 based on 2015/16 charges.

1.5 The UK has already surpassed the EU target of reducing biodegradable municipal waste to 50% of the baseline (1995), with 2014 levels at 24% of the baseline. The Department for Environment, Food and Rural Affairs (DEFRA) also reports that despite a 400% increase in recycling since 2000, the UK is still short of its 50% household recycling target set by the EU for 2020.

1.6 Tameside's Bin Swap pilot started in November 2013, with a primary focus on four areas. With results showing a landfill reduction by 25% overall, the borough-wide roll out of Bin Swap took place in November 2015. The scheme has so far significantly improved overall recycling rates and achieved financial savings of over £3.2 million, which includes a levy rebate of over £700,000.

1.7 The Panel is aware that the Council must continue striving to improve recycling rates across the borough to ensure that further savings continue to be achieved, helping to reduce the environmental impacts.

1.8 On behalf of the Place and External Relations Scrutiny Panel, I would like to thank all those who have participated in this review.

Councillor Kevin Welsh
Chair to the Place and External Relations Scrutiny Panel

2. BACKGROUND TO THE REVIEW

2.1 Meeting recycling targets and reducing waste sent to landfill are major priorities for local authorities across the UK. The Local Government Association (LGA) reports that local authorities in England have spent in excess of £3 billion since 2000 in order to make the necessary improvements to waste services.

2.2 There is a continuing need for a holistic and borough-wide approach that is driven by engaging residents and ensuring that further improvements are realised through innovation.

3. MEMBERSHIP OF THE PANEL – 2016/17

Councillor K Welsh (Chair), Councillor Piddington (Deputy Chair).
Councillors Affleck, Beeley, Bowden, Bowerman, Drennan, Feeley, Fowler, Glover, A Holland, Homer, Newton, Patrick, Pearce, Reid, Sharif, Sidebottom, F Travis, Whitehead.

4. TERMS OF REFERENCE

Aim of the Review

4.1 To review the overall impact that Bin Swap has had on Tameside's recycling performance and to identify innovative ways to improve future recycling rates.

Objectives

4.2
1. To review the work undertaken through Bin Swap and the economic and environmental impacts it has had.
2. To examine the Council's current recycling and landfill avoidance performances compared to other Greater Manchester authorities.
3. To explore the work undertaken to engage residents and communities to improve awareness of recycling.
4. To examine how Greater Manchester's low carbon initiatives will impact on local recycling targets and strategies.
5. To review how further improvement and innovation can be achieved to further improve landfill avoidance and recycling rates.
6. To determine how the Council and partners can streamline future services and resources through a more integrated approach.
7. To produce workable recommendations that help to facilitate improvements to recycling in Tameside.

Value for Money/Use of Resources

4.3 It is important that the Council and partners work together to produce strategies that will ensure that the statutory waste and recycling duties of the Council are carried out in cost effective way to ensure high quality services and future improvements can be delivered.

Equalities Issues

4.4 Waste and recycling services are provided to all sections of Tameside's communities. The review will consider strategies that lead to clean, safe and positive environments for people and families of all ages and backgrounds.

People and Place Scorecard

4.5 The following targets from the People and Place Scorecard relate to [name] review.

Waste	• Tonnes waste to landfill

5. METHODOLOGY

5.1 The working group met with Garry Parker, Head of Environmental Services, to receive an overview of Bin Swap implementation and recycling performance in Tameside.

5.2 The working group met with Sarah Mellor, Head of Corporate Services, Greater Manchester Waste Disposal Authority (GMWDA); and Michelle Lynch, Principal Corporate Services Officer, GMWDA, to receive wider information on recycling performance, neighbouring boroughs and the work undertaken by GMWDA to help authorities improve performance.

5.3 The working group met with Garry Parker, Head of Environmental Services, to receive more detailed information and data relating to lower performing areas in Tameside, the wider impacts of the Bin Swap and future methods.

6. SUMMARY

6.1 The review was undertaken by a working group of the main Panel between August and November 2016. The final report was shared with the Scrutiny Panel and then with the Executive Member (Clean and Green), at the Executive Response meeting in February 2017. For all Scrutiny reports the Chair meets with the relevant Executive Member to discuss review findings and for recommendations to be shared as soon as possible for action.

6.2 On 13 June 2017, the Scrutiny Panel's first meeting of the 2017/18 municipal year, the Executive Member (Clean and Green) and Assistant Executive Director for Environmental Services were in attendance to present responses to the recommendations. As detailed in **Appendix 1,** all recommendations have been accepted with the required actions well underway. The Scrutiny Panel will continue to review outcomes from the recommendations and will schedule a further progress update at the point in which all action by dates have passed.

7. REVIEW FINDINGS

Introduction of Bin Swap

7.1 Following a decision taken to implement Bin Swap in July 2013, a pilot began in November of the same year. The decision came at a time when Tameside's waste performance data reflected poorly in comparison with other areas, with a clear incentive for recycling improvements to be realised.

7.2 Data from Waste and Resources Action Programme (WRAP) in 2012/13 showed that Tameside's recycling level was at 38%, and among some of the lowest performing local authority areas in the country. At this time 27 authorities in England had already moved towards reducing the capacity of residual waste bins from 240L to 140L.

7.3 A waste compositional analysis, which reviews the types of waste deposited in all bin type, was carried out by the Council before the decision was made to pilot Bin Swap. It revealed that approximately 72% of total waste produced in Tameside is recyclable.

Figure 1. How Bin Swap has changed the use of bins in Tameside

7.4 The images above show that under Bin Swap, the green and black bins are swapped to reduce the household residual waste bin capacity from 240L to 140L inclusive, which also creates greater capacity for recyclable materials.

7.5 **Bin Swap Pilot** – From November 2013 just over 4,000 households were identified to take part in the pilot. The households were located in the four areas of Richmond Park (Dukinfield), St Albans (Ashton Hurst), Haughton Green (Denton South) and Ridgehill (Stalybridge North). The areas were selected based on previous analysis of high and low recycling performance and to identify any challenges with regards to communication and engagement.

7.6 Consultation exercises were carried out in a range of locations across the borough prior to the pilot aimed at providing an opportunity for residents to discuss any concerns or issues. This also allowed the Council to share a range of key messages with communities relating to rationale for the decision.

Figure 2. Warning information used during the Bin Swap Pilot

7.7 The signs above are examples of the start of communication with residents. They were placed on all green and black bins within the pilot areas. The images were carefully designed to look like warning notices to make correct use of the new bin arrangements.

Figure 3. Impacts of the Bin Swap Pilot on tonnes of waste sent to landfill

	Baseline (up to October 2014)	**Pilot**	**Difference**	**Total change**
Richmond Park	5.11	3.61	-1.5	-29%
St Albans	7.89	6.10	-1.79	-23%
Haughton Green	7.09	4.97	-2.12	-30%
Ridgehill	10.55	8.21	-2.34	-22%
Total	**30.64**	**22.89**	**-7.75**	**-25%**

7.8 The table above shows the weekly average amounts of residual waste collected in the four areas included in the Bin Swap pilot, compared to pre-pilot collections between April and October 2014. It shows that the swap successfully reduced the amount of household residual waste sent to landfill by 25% across all four areas.

7.9 Based on the success of the pilot, financial predictions indicated that achievable savings can increase exponentially if the scheme was to be rolled out to all properties in the borough.

7.10 A questionnaire was sent to households within the Bin Swap pilot areas to learn more about the experiences of residents, effectiveness, awareness and most importantly any difficulties. Having this feedback was important to ensure any challenges were identified before the scheme was extended across the borough. Results from the questionnaire found that 44% of participants recycled at every opportunity following the pilot, and 53% are interested in it and try to do it as much as possible.

Conclusions

1. The Council is committed to increasing recycling rates, improving awareness and providing residents with a waste management system which allows significant environmental and resource benefits to be achieved.

2. The Bin Swap pilot provided clear evidence that increasing household recycling capacity can deliver significant reductions in the amount of residual waste sent to costly landfill.

Bin Swap Performance

7.11 Since the borough-wide implementation of Bin Swap from November 2015 both recycling and landfill avoidance rates have improved. This has had a significant and positive impact to Tameside's overall recycling performance, from a baseline of 46% (pre-Bin Swap) to 58% at October 2016.

7.12 Between 14 September 2014 and 31 October 2016, a total of 8,404 tonnes of household residual waste has been diverted away from landfill. The heightened level of landfill avoidance and recycling has helped significant savings to be realised.

Figure 4. Daily Landfill and Recyclable Waste Disposal

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	TOTAL	% INCREASE / DECREASE
RESIDUAL WASTE							
Baseline per week (tonnes)	130	148	128	126	120	652	-21.67%
Running average per week (tonnes)	107	116	97	97	94	510	
CO-MINGLED (GLASS / PLASTIC / CANS)							
Baseline per week (tonnes)	32	30	31	28	27	148	46.03%
Running average per week (tonnes)	45	49	42	42	38	216	
GARDEN AND FOOD							
Baseline per week (tonnes)	69	59	64	59	57	308	9.22%
Running average per week (tonnes)	72	66	71	63	65	336	
PAPER AND CARDBOARD							
Baseline per week (tonnes)	21	23	23	22	21	110	27.80%
Running average per week (tonnes)	28	31	28	28	26	141	
OVERALL RECYCLING RATE							
Baseline per week	48%	43%	48%	46%	47%	46%	
Running average per week	58%	56%	59%	58%	58%	58%	

7.13 The table above shows the daily collected tonnes of residual waste, co-mingled recyclables, garden and food, paper and cardboard. The table also shows comparisons of baseline data (pre-Bin Swap) to running averages with Bin Swap in operation. The baseline data is taken during a period of March 2014 to July 2015 prior to Bin Swap being rolled out. The running average per week is calculated from start to Bin Swap to current date at end of 2016.

7.14 With the primary aim of Bin Swap to increase residential capacity to recycle glass, plastic and cans it is extremely pleasing that the data above shows a 46% rise in this area. With capacity of blue and brown bins remaining constant, it is also pleasing to see that improvements are also being achieved. Much of which can be attributed to better awareness and commitment across households of what can be recycled.

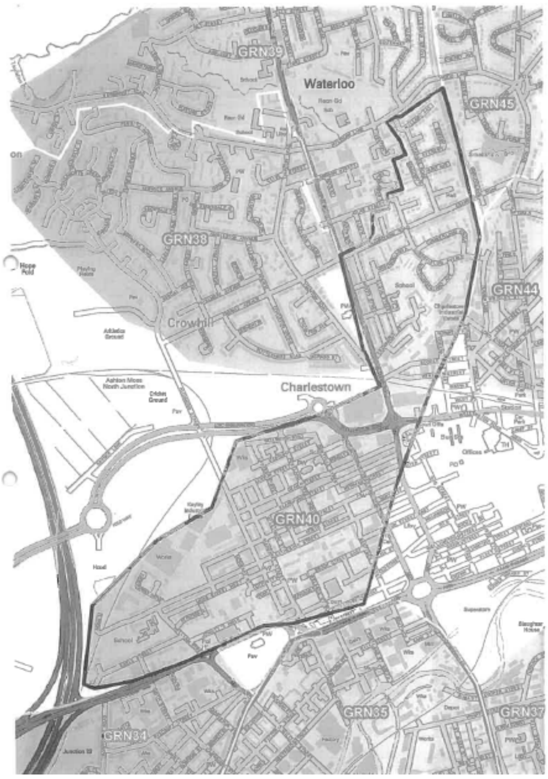
Figure 5. Bin Swap Performance by Collection Zone (Post Bin Swap)

	Residual	**Co-Mingled**	**Garden/Food**	**Paper/Cardboard**	**Recycling Rate Change**
Zone 1	-18.2%	+40.1%	+5.1%	+32.1%	**+25.3%**
Zone 2	-16.7%	+59.8%	+13.6%	+34.0%	**+35.1%**
Zone 3	-24.3%	+36.2%	+10.0%	+23.0%	**+22.8%**
Zone 4	-25.4%	+48.7%	+6.4%	+25.1%	**+26.4%**
Zone 5	-22.0%	+38.8%	+13.7%	+25.0%	**+25.4%**

7.15 The table above shows the changes made to landfill and recycling levels in the five major collections zones in Tameside. It shows that Zone 2 achieved the highest proportionate increase in overall recycling, despite having the smallest reduction in residual waste.

7.16 While Bin Swap has, and will continue to have a huge impact on improving recycling rates in Tameside it is important to understand how further gains can be achieved and where current difficulties are situated. This may come from analysis of the lowest performing areas and to identify possible reasons to inform future strategies and targeted pieces of work.

Figure 6. Lowest Performing Area for Co-Mingled Recycling



7.17 The image above shows Round 40 in Collection Zone 5, located in Ashton. This area has the lowest volume of co-mingled (glass, plastic and can) recycling per household, which is almost 25% below Tameside's household average.

7.18 When reviewing the residual and recycling waste performance across all collection zones it is possible to identify the lowest performing areas within the borough. Identifying the areas is key to ensuring that all resources and efforts are made to remove any potential barriers for the poor performance and to address the range of issues that prevent residents from actively engaging and recycling in the first instance.

Conclusions

3. Tameside's recycling rates have increased dramatically since the borough-wide implementation of Bin Swap.

4. Despite the large financial savings that Bin Swap has created, there is further scope to identify and improve recycling in low performing areas that are particularly hard to reach.

Recommendations

1. That the Council has a positive and proactive approach towards continually reviewing existing practices, with particular attention to frequency of collections for all bin types, to improve both recycling and seasonal capture rates.

2. That significant priority and focus is placed on low performing areas, with the need to identify all potential barriers and deliver a more targeted, tailored and sustained approach to improve recycling rates.

3. With a fixed housing stock and type, the Council look to break down potential barriers to why certain residents fail to recycle effectively, ensuring feedback and practical experience from collection crews is factored within new strategies.

Greater Manchester Recycling Performance

7.19 Greater Manchester Waste Disposal Authority (GMWDA) has responsibility for monitoring and supporting the landfill and recycling performances of all local authorities in Greater Manchester, with the exception of Wigan.

7.20 All Greater Manchester authorities are working towards a collective 50% recycling target to be achieved by 2020. This target is due to increase to 60% by 2025. In addition, GMWDA has contractual arrangements with Viridor Laing to achieve a 75% landfill diversion rate through the 25 year contract.

7.21 In 2015/16 Greater Manchester achieved a landfill diversion rate of 78%, which is above its target. In 2015/16 the overall recycling rate for Greater Manchester was 45.3%, which is currently below the target for 2020. There is a significant range across Greater Manchester with Trafford and Stockport recording the highest recycling rates at around 60% to some boroughs still under 40%. According to 2015/16 data Tameside was the fourth highest performer across the nine authorities at then 48.7%.

7.22 Some of the main reasons cited for Greater Manchester not reaching its recycling target is the ongoing difficulties engaging with the private rented sector, residents in apartment blocks and gated communities. With these types of properties often more difficult to communicate and engage with, it can be difficult for local authorities to encourage and enforce better attitudes towards recycling.

7.23 GMWDA has performance indicators for 2016/17 based on recent recycling data submissions. It shows that Tameside's projected recycling rate will be around 55% and possibly now third best performer behind Trafford (64%) and Stockport (61%).

Conclusions

5. While there is a gap between Tameside and the highest recycling performers in Greater Manchester it is important to understand notable differences between areas in order to set ambitious and achievable targets for the borough.

6. Increased recycling rates achieved through Bin Swap have resulted in significant improvement and enhanced Tameside's performance when compared with other Greater Manchester authorities.

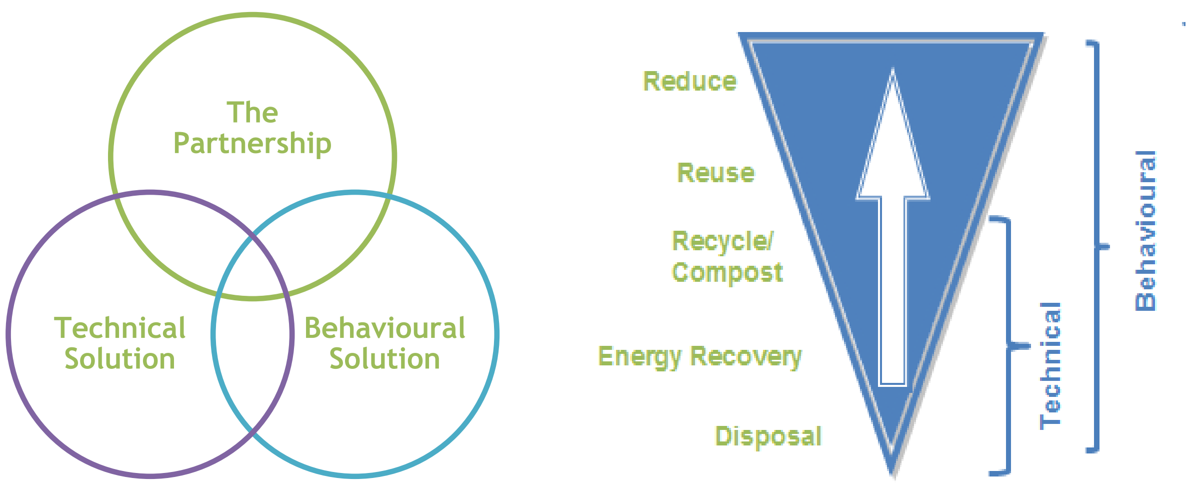
Greater Manchester Waste Disposal Authority (GMWDA)

7.24 GMWDA is one of six Joint Waste Disposal Authorities that were created following the Local Government Act (1985) and Waste Regulation and Disposal Order (1985). It is responsible for the disposal of waste delivered by districts, providing 20 Household Waste Recycling Centres across Greater Manchester and overseeing the aftercare of 4 former landfill sites. It has responsibility for a population of 2.6 million people, 1 million households and 1.1 million tonnes per annum of municipal waste.

7.25 The majority of spend (over 95%) from GMWDA arises through the Recycling and Waste Management Contract with Viridor Laing Greater Manchester (VLGM). This is the largest Private Finance Initiative contract in Europe.

7.26 GMWDA is working towards the aim of "zero waste" which is achievable by minimising environmental impacts, improving sustainability and delivering all work in partnership with VLGM. As Figure 7 shows below, there is a growing emphasis being placed on introducing technical and behavioural solutions on top of this partnership work.

Figure 7. GMWDA Approach to Achieve 'Zero Waste'



7.27 **Behavioural Change** – GMWDA is improving its communications with residents across Greater Manchester to instil more knowledge on waste and recycling. Through 2016/17 an emphasis is being put on developing a longer term strategy to determine the most effective media for social interaction. A number of communication campaigns have been run in Tameside through LIFE+ and Recycle for Greater Manchester (R4GM).

7.28 **LIFE+** – This is an innovative project part-funded by the EU that has trialled communications methods in hard to reach areas between September 2011 and June 2015. The project specifically focused on:

- Deprivation
- Transience and the private rented market
- Faith and culture

- Apartments

7.29 One of the schemes run through LIFE+ was the Recycling Awards Scheme. Between April and August 2014, leaflets were distributed in three primary schools to promote the scheme and 5,500 recycling tags were issued for correct recycling behaviours, with 56.4% being returned. Participation in recycling increased by 13% in organics, 3% in pulpables, 1% in co-mingled, for the collection rounds involved (approximately 1500 properties).

7.30 A Community and Business scheme was also run between June and November 2014 with 6 businesses in Mossley. Informative leaflets on improving food waste recycling levels were distributed, and participants were incentivised to recycle to receive a bag for life. The campaign saw a 6% increase in the amount of pulpables recycled and a greater proportion of people engaging in recycling and improved waste management.

7.31 A Private Rental Property Scheme was carried out by GMWDA between July and October 2013 in Denton and Dukinfield, targeting rented properties with low recycling performances. Information packs including recycling and waste management directions for Tameside were developed and distributed by certain housing providers when welcoming new tenants to their properties.

7.32 Housing officers were also upskilled as part of the Private Rental Property Scheme, and permanent signage on recycling was implemented across Tameside. Surveys following the scheme show that recycling participation increased from 9% to 43%, with 10% of residents claiming to recycle more as a result of the campaign.

7.33 Between June and November 2013, GMWDA began an initiative in St. Peter's ward in Tameside that engaged with the local Muslim community. A total of 15 Community Groups and 9 Community Recycling Ambassadors were established, with information packs being distributed in both Urdu and English. The results of the Faith campaign show that it had a limited impact on recycling levels.

7.34 GMWDA carried out a programme of work that targeted poor management of waste and recycling in apartment blocks. Between August and November 2014, a total of 603 low performing households across 5 apartment blocks were given recycling bags, food caddies and information packs on how and what to recycle. Permanent signage was placed on the bins and around the buildings. After the scheme had concluded, 44% claimed to recycle more than they had previously.

7.35 **Recycle for Greater Manchester** – Also known as R4GM, has been a public facing brand since 2008. It carries out work in the community and with businesses, as well as focusing on educating people on the importance of environmentally-friendly waste management.

7.36 In 2015/16 a campaign was carried out in Tameside which targeted over 13,000 households, across 9 waste collection rounds. The aim was to improve the awareness of Bin Swap and how to effectively participate. Results of the scheme showed:

- Over 5000 households were actively spoken to.
- The new delivery of 688 recycling bins, 344 outdoor caddies and 678 indoor caddies.
- Ten Tameside Bin Swap Roadshows were carried out.
- Nine educational visits and outreach sessions were delivered.
- Residual waste was reduced by 5.4% overall.

7.37 R4GM's Action Plan for 2016/17 is to prioritise targeted recycling campaigns, improve methods of communication and press activity, as well as increase engagement with schools and colleges. The recycling campaign is to be run between April and December 2016 and reach over 11,000 households to improve food and garden waste recycling through door-knocking, having important face-to-face conversations and placing stickers on bins.

7.38 **Resource Greater Manchester** – Is a partnership that was commenced in 2016/17 between GMWDA and the Waste and Resources Action Programme (WRAP), which is a registered charity working to improve the sustainable use of resources.

7.39 This partnership aims to use more efficient joined-up working in order to achieve its "zero waste" target. To achieve these objectives, the programme of work for 2016/17 involves increasing and improving the capture of unavoidable food waste and improving the quality of dry recyclables.

7.40 Resource Greater Manchester will also support the development of strategies and implementation of plans that enable authorities to achieve 60% recycling rates by 2025, as well as use a range of communications campaigns to provoke behavioural change.

Conclusions

7. Tameside is able to work closely with GMWDA, and receive funding for certain initiatives aimed to improve recycling outcomes.

8. The waste analysis intelligence owned and gathered by GMWDA can allow Tameside to understand more about household recycling. This can help inform future strategies to ensure high performing areas continue to be supported and low performing areas receive the necessary and targeted support in order to improve.

Recommendations

4. That the Council maximises all available opportunities to improve local approach, using information and learning available from GMWDA and connections with other Greater Manchester authorities.

5. That where possible the Council look to pilot new ideas and build proposals to solve localised recycling issues, which support initiatives such as 'Zero Waste' and can generate GMWDA funding and support.

Beyond Bin Swap

7.41 As shown in this report, Bin Swap has successfully helped to reduce landfill waste and increase recycling rates in Tameside. With savings still to be achieved the Council will continue to engage with, and educate residents on good waste management and the benefits of recycling.

7.42 **Collection methods** – A review has been undertaken to compare Tameside's recycling performance against other areas. It was found that Tameside's capture rates for paper and cardboard recycling is falling behind that of other local authorities.

7.43 To improve paper and cardboard recycling, the Council is planning to increase the frequency of household blue bin collections from three-weekly to fortnightly. This is expected to increase the rates of borough-wide paper and cardboard recycling above 60%, which will in turn also reduce the total volume of waste that is currently going to landfill.

7.44 **Review of collection rounds** – With increased recycling levels since Bin Swap this has altered the demand and need for staff and bin wagons on each day for each collection type. To resolve this, a review is planned to look at the total tonnage of residual waste and recycling that is collected by each bin wagon on each round. This will identify the specific days, zones or rounds that where resources need to realigned.

7.45 **Communications** – It is understood that raising awareness and educating people on Bin Swap and environmentally-friendly waste management is key to maintaining and improving recycling rates. The Council plan to expand capabilities that sit within the current smartphone application 'Tameside Bins'. The next developments for the application will allow users to directly report a missed collection to vehicle drivers, and ensure quicker responses and resolution of issues.

7.46 Users of the application will also be notified when rounds are unable to be completed and be informed of alternate collection arrangements. So far, over 6 million interactions have been logged through the application since it was introduced in.

7.47 A second application is currently in development which will focus on a range of frequent waste enquiries such as fly tipping, littering, dog fouling and abandoned vehicles. This resource will allow residents and officers to communicate on waste issues in the borough more efficiently and effectively.

7.48 Collection vehicles are in the process of being fitted with iPads with the relevant software. All information reported via the application will receive quicker responses between the waste collection officers and residents. Improving this direct communication is expected to help reduce the demand on the Council's call centre to deal with waste enquiries. This is planned to be rolled out and operational from January 2017.

7.49 **Enforcement** – With Bin Swap in its third full operational year, the communications around recycling and waste management will continue. The Council will also be putting a greater emphasis on enforcing proper waste management going forward.

7.50 The Council has provided training to upskill a number of officers to now deal with enforcement enquiries and issue Fixed Penalty Notices (FPNs). This will include a wide range of environmental issues such as fly tipping, dog fouling and littering.

7.51 Overt CCTV is being implemented across the borough to help to reduce the amount of fly tipping in hot-spot areas. Waste services will be monitoring the hot spot areas and using the 4 cameras in rotation every fortnight. Signage is also being used to warn people about fly tipping and alert them to the overt CCTV that is taking place.

7.52 The cameras that are being used are high-definition and have night-vision, with remote sensors, allowing them to work and identify any criminal activities around the clock. The cameras can be controlled remotely if they need to be moved or focused on another area.

7.53 **Future Planning** – The European Union (EU) Waste Framework Directive provides the legislative framework for the collection, transport, recovery and disposal of waste in the UK. The target and performance aspects for waste services are also determined by EU directives, which subsequently influence and impact local authority waste strategy.

7.54 With the process underway for the UK to leave the EU, this brings a number of uncertainties, which includes waste management. With local authorities following EU guidance across a number of key areas, there will be an ongoing need to monitor and measure the impact of all potential changes that may occur.

Conclusions

9. Plans are already in place to improve the frequency of blue bin collection across the borough from three-weekly to two-weekly.

10. The Council will build on the technology already available to ensure response time to issues is reduced and provide residents with a wider range of information and tools to best meet their recycling needs.

Recommendations

6. That evidence gathering with partners such as Registered Social Landlords can establish a clearer indication to what prevents households from recycling, leading to specific projects being trialled.

7. That close monitoring is undertaken on the actual number of fly tipping issues being reported within low recycling areas, with the view to improving intelligence and to support future interventions.

8. That for enforcement initiatives such as overt CCTV, the Council ensures all necessary compliance with Regulation of Investigatory Powers Act (RIPA).

9. That with some uncertainty associated with the UK leaving the European Union, the Council closely monitor all potential changes and impacts to ensure Tameside's Waste Strategy is as robust as possible.

8. CONCLUSIONS

8.1 The Council is committed to increasing recycling rates, improving awareness and providing residents with a waste management system which allows significant environmental and resource benefits to be achieved.

8.2 The Bin Swap pilot provided clear evidence that increasing household recycling capacity can deliver significant reductions in the amount of residual waste sent to costly landfill.

8.3 Tameside's recycling rates have increased dramatically since the borough-wide implementation of Bin Swap.

8.4 Despite the large financial savings that Bin Swap has created, there is further scope to identify and improve recycling in low performing areas that are particularly hard to reach.

8.5 While there is a gap between Tameside and the highest recycling performers in Greater Manchester it is important to understand notable differences between areas in order to set ambitious and achievable targets for the borough.

8.6 Increased recycling rates achieved through Bin Swap have resulted in significant improvement and enhanced Tameside's performance when compared with other Greater Manchester authorities.

8.7 Tameside is able to work closely with GMWDA, and receive funding for certain initiatives aimed to improve recycling outcomes.

8.8 The waste analysis intelligence owned and gathered by GMWDA can allow Tameside to understand more about household recycling. This can help inform future strategies to ensure high performing areas continue to be supported and low performing areas receive the necessary and targeted support in order to improve.

8.9 Plans are already in place to improve the frequency of blue bin collection across the borough from three-weekly to two-weekly.

8.10 The Council will build on the technology already available to ensure response time to issues is reduced and provide residents with a wider range of information and tools to best meet their recycling needs.

9. RECOMMENDATIONS

9.1 That the Council has a positive and proactive approach towards continually reviewing existing practices, with particular attention to frequency of collections for all bin types, to improve both recycling and seasonal capture rates.

9.2 That significant priority and focus is placed on low performing areas, with the need to identify all potential barriers and deliver a more targeted, tailored and sustained approach to improve recycling rates.

9.3 With a fixed housing stock and type, the Council look to break down potential barriers to why certain residents fail to recycle effectively, ensuring feedback and practical experience from collection crews is factored within new strategies.

9.4 That the Council maximises all available opportunities to improve local approach, using information and learning available from GMWDA and connections with other Greater Manchester authorities.

9.5 That where possible the Council look to pilot new ideas and build proposals to solve localised recycling issues, which support initiatives such as ‘Zero Waste’ and can generate GMWDA funding and support.

9.6 That evidence gathering with partners such as Registered Social Landlords can establish a clearer indication to what prevents households from recycling, leading to specific projects being trialled.

9.7 That close monitoring is undertaken on the actual number of fly tipping issues being reported within low recycling areas, with the view to improving intelligence and to support future interventions.

9.8 That for enforcement initiatives such as overt CCTV, the Council ensures all necessary compliance with Regulation of Investigatory Powers Act (RIPA).

9.9 That with some uncertainty associated with the UK leaving the European Union, the Council closely monitor all potential changes and impacts to ensure Tameside’s Waste Strategy is as robust as possible.

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Report To:	**OVERVIEW (AUDIT) PANEL**
Date:	11 September 2017
Executive Member / Reporting Officer:	Cllr Jim Fitzpatrick – First Deputy (Performance and Finance) Sandra Stewart – Director Governance and Pensions
Subject:	**REVIEW AND MONITORING ARRANGEMENTS FOR CHILDREN'S SERVICES IMPROVEMENT**
Report Summary:	The report identifies and informs members of arrangements for the review and monitoring of Children's Services improvement activity and preventing duplication.
Recommendations:	That Overview (Audit) Panel is asked to note: • The content of the report • The reporting mechanisms for such monitoring activity as detailed in paragraphs 2.6, 2.11 and 2.19
Links to Community Strategy:	Tameside Children's Services are an integral part of the Community Strategy and Corporate Plan Priorities to maximise the wellbeing of people in Tameside and to protect the most vulnerable.
Financial Implications: **(Authorised by the Section 151 Officer)**	The management of the contract will need to be managed within existing resources noting that significant additional funding has been allocated to children's services over the last couple of years prior to the Ofsted Inspection and this has continued although is not sustainable and affordability is a key area of review.
Legal Implications: **(Authorised by the Borough Solicitor)**	It is important that there is effective governance and oversight of service delivery in particular given the additional resources being provided to the service.
Risk Management:	The improvement of Children's Services seeks to mitigate associated risks to outcomes for Tameside Children.
Access to Information:	The background papers relating to this report can be inspected by contacting Sandra Stewart by: Telephone: 0161 342 3028 sandra.stewart@tameside.go.uk

1.0 BACKGROUND

1.1 Following the Ofsted inspection of Tameside Children's Services in September 2016, the Council has taken a number of direct and positive steps to ensure that effective monitoring takes place for all activity associated with the improvement journey.

1.2 In addition to the ongoing work and responsibility of the Council's Integrated Care and Wellbeing Scrutiny Panel, the creation of a dedicated improvement board and an additional outcomes focused panel has created a comprehensive overview function.

1.3 Work is ongoing within Children's Services and the Safeguarding Board to monitor the impact of improvements. This is complemented by three separate bodies outside of the service with specific roles and responsibilities. These are:

a) Tameside Children's Services Improvement Board
b) Integrated Care and Wellbeing Scrutiny Panel
c) Voice of the Child Overview Panel (a sub-committee of Integrated Care and Wellbeing Scrutiny Panel)
d) First Deputy (Finance & Performance) Ofsted Working Group

1.4 In response to the concerns raised by Ofsted a Tameside Children's Services Improvement Plan has been developed setting out how Tameside Council and partners across the borough are addressing the recommendations made by Ofsted to deliver sustainable improvement. The Improvement Plan includes a range of actions to be delivered by partners and staff at all levels with a focus on improving outcomes and supporting successful lives for children and their families in Tameside.

1.5 The activity in the Improvement Plan is grouped around 6 themes:

- Leadership and Strategy
- Demand and Need
- Resources and Capacity
- Quality, Practice and Compliance
- Outcomes for Children
- Sustainability

1.6 The Tameside Children's Services Improvement Plan is monitored monthly by the Tameside Children's Services Improvement Board, which is a multi-agency group with an independent chair. Updates from the Improvement Board are reported to Executive Cabinet and the Health and Wellbeing Board.

1.7 Progress against the Improvement Plan will be assessed in a number of different ways to ensure a clear and balanced understanding of changes made and their impact. This will include quantitative and qualitative information such as management information, performance data, outputs from audits, critical friend reviews of practice, service user feedback and voice of the child.

2.0 ROLES, RESPONSIBILITIES AND REPORTING

2.1 It is of the utmost importance that a structure is effectively established to ensure that roles and responsibilities are clear and to prevent duplication. The groups established to oversee and drive improvement in Children's Services are summarised in the table below and subsequent paragraphs.

Group	Main areas of focus
Tameside Children's Services Improvement Board	Strategic direction across the multi-agency partnership

	Oversight of progress against the Improvement Plan
Integrated Care and Wellbeing Scrutiny Panel	Scrutiny and challenge of implemented change. Critical friend to improvement process and plan.
Voice of the Child Overview Panel	Ensure voice and lived experience of children reflected in improvement activity.
Children's Service Cabinet Working Group	Improvement in performance, compliance and quality. Capacity and resources – finances, staffing, caseloads.

Tameside Children's Services Improvement Board

2.2 Inadequate authorities are required to have a Children's Services Improvement Board with an independent chair. The role of the Board is to provide challenge and support for the improvement process. It also forms a key forum to discuss specific challenges within the service and across partner organisations.

2.3 The Improvement Board is not a decision making body and does not duplicate any existing decision making within organisations, however the members are of sufficient seniority to feed learning and improvement into their own organisational process and to be held accountable.

2.4 The Tameside Children's Services Improvement Board was established in January 2017 and meets on a monthly basis to deliver an improvement programme. The objective of the improvement is for a multi-agency partnership, to achieve sustainable improvements across the full range of services for children and young people in Tameside.

2.5 The Improvement Board will lead and guide this process through the implementation of Tameside Children's Services Improvement Plan and alongside the Tameside Safeguarding Children Board Improvement Plan to address the areas of concern identified in the Ofsted report and to develop a sustainable model for the future.

2.6 The Improvement Board will report on progress to Tameside Council, the Health and Wellbeing Board and both Ofsted and the Department for Education. Agencies represented on the Board will be responsible for leading and driving the improvement process within their own organisations to ensure a coordinated and multi-agency approach.

2.7 The Chair of the Integrated Care and Wellbeing Scrutiny Panel is a member of this Improvement Board.

Integrated Care and Wellbeing Scrutiny Panel

2.8 Children's Services is positioned firmly within the remit of the Council's Integrated Care and Wellbeing Scrutiny Panel. Following outcomes from the Ofsted inspection the Panel has an important and significant role to establish and maintain a comprehensive overview and monitoring function across a range of improvement interventions.

2.9 The Panel's Annual Work Programme for 2017/18 is a document which clearly sets out a plan of activity for the municipal year. The programme details the need for an increased level of contact with Children's Services during the next 2 years, with frequent updates to review improvement. Scrutiny's involvement with the improvement journey will be frequent and ongoing.

2.10 Scrutiny will concentrate on the way outcomes for children need to improve. From the offset there has been a need to ensure that scrutiny members are brought up to speed with published findings from the inspection and the way by which the Executive and the Director responsible for Children's Services plan to respond to the challenges.

2.11 Following updates received on 26 January 2017 and 16 March 2017 the Scrutiny Panel has recommended that reported information and data needs to be more specific to areas within the Children's Services Improvement Plan. The aim is to allow a greater level of detail to be observed with the way improvement activity is planned, implemented and how outcomes are monitored. It is also important that all information and data is presented in a way where panel members are able to identify what has improved.

2.12 Going forward Scrutiny will work with the service to monitor specific areas of the Children's Services Improvement Plan. It is important for the panel to prioritise its activity to ensure the desired impact and outcomes are achieved. In order to do this the Panel have agreed to focus attention on some of the key themes that sit within the improvement plan. These include:

- Leadership and Strategy
- Demand and Need
- Resources and Capacity
- Quality, Practice and Compliance
- Outcomes for Children

2.13 The formal Scrutiny Panel meetings will provide an opportunity for the service to evidence improvement, based on the questions asked by members. With recommendations being made and responded to in an open and public setting.

2.14 The Chair of the Scrutiny Panel has invited a small number of panel members to join a Children's Services working group. The group will be flexible and responsive to prevent any restrictions in progress. An example of this may involve the working group visiting an area of the service shortly after an update is received at a panel meeting. It is planned for all findings from the working group to be reported back to the main panel at the earliest opportunity.

2.15 The Chair of the Scrutiny Panel, will use the information obtained from the Tameside Children's Services Improvement Board together with the Ofsted Monitoring reports to determine which areas need to be scrutinised and to ensure that improvements remain sustained.

2.16 The reporting of all scrutiny in-depth reviews will remain unchanged. Scrutiny reports are presented at the appropriate Overview (Audit) Panel meeting before being published on the Council's website for public viewing.

Voice of the Child Overview Panel

2.17 It is the strategic priority of Tameside Children's Services to place the voice and influence of all children and young people at the centre of the service. To achieve this, it is necessary to ensure that there are sufficient mechanisms in place to allow children's views to be promoted and for the service to make sure that this drives the work and support which follows. The purpose of this Panel is not to look at just how the Services are being delivered from a Council and partners together with Ofsted and other regulator perspective but to understand how services are received by those whose lives they are intended to affect.

2.18 The Voice of the Child Overview Panel will support these aims by providing supportive and constructive checks to existing activity, which will include current policies, procedures and partnership working. The Panel does not make decisions about service provision but it will make recommendations to support the service in ensuring the voice and experiences of children have an increased focus across all areas.

2.19 The scope and objectives of the Voice of the Child Overview Panel are:

- To seek to hear and enhance the input of children and young people by providing appropriate ways for views and experiences to be translated into meaningful actions and support.
- To ensure that children and young people are aware of decisions which will or may affect them.
- To ensure that children and young people feel safe and are able to voice any concerns they may.
- To ensure that there is sufficient variety and opportunity for children of all ages and ability to be able to communicate their views, which may be through conversation, play and drawing.
- To ensure that the service uses all forms of evidence and feedback available.
- To promote challenge to the improvement process and ensure opportunities are created to facilitate the gathering and reporting of the experiences of children.

2.20 The Panel will meet formally six times during the year, with the first meeting to take place on Wednesday 13 September 2017 and with other work taking place outside of these meetings. The Panel will engage directly with Tameside Safeguarding Children Board and appropriate sub-groups, the Children in Care Council (2BeUs) and the Practitioners Improvement Group.

2.21 The Panel's activity, findings and recommendations will report to the Council's Executive Board, with findings also shared with the Tameside Children's Services Improvement Board where necessary.

Children's Service Cabinet Working Group

2.22 The group is a sub-group or working group of the Executive Cabinet chaired by the Executive Member with responsibility for Children's Services. Two other Executive Members sit on the group including the Deputy Executive Leader and Cllr Allison Gwynne, who formerly had the Children's Services Portfolio. The group ensures the Executive Cabinet has a more direct involvement with the detailed improvement work. Currently, the First Deputy (Finance & Performance), Cllr Jim Fitzpatrick, is undertaking this role owing to incapacity of the Lead Member Cllr Robinson through his need to undertake some medical procedures. Cllr Jim Fitzpatrick's portfolio has been reallocated to enable him to undertake this role in the interim and provide additional capacity.

2.23 The rationale for this decision and appointment is that Cllr Fitzpatrick has considerable experience and knowledge in the two key areas of: (1) performance and effectiveness, and (2) capacity and resources, which the working group are focussing upon and he is supported by two Executive Members who both have considerable knowledge and experience in children's having both held this brief over the last 20 years.

2.24 The sub-group considers two core areas to determine the performance and effectiveness of the improvement process.

Compliance and Performance Improvement – core indicators are monitored on a weekly basis to determine the extent and sustainability of day to day improvement practice. Additional intelligence and data is considered at each meeting to provide analysis of key focus areas. To date these have included; Caseloads, Leaving Care, and Placements for Looked After Children.

Quality and Practice – the sub-group examines information and feedback from the audit process, supervisions and other elements of the quality assurance framework in order to determine the extent of improvement and remaining challenge in relation to quality improvement. The information considered include; feedback from practitioners, outcomes of the audit process, and updates on training and development activity to address deficits identified through the quality assurance process.

2.25 In order to ensure that the service is equipped to respond effectively to underlying demand within the local community the sub-group considers the capacity and resources in place within the service to deliver Children's Services this includes social worker numbers, business and administration support capacity and alignment of resources to within the service. The sub-group also considers the resourcing in place to support future improvement activity within the service.

2.26 The group meets weekly and informs the wider Executive Cabinet through updates from the lead executive member to the Executive Leader and other Executive Cabinet members.

3.0 RECOMMENDATIONS

3.1 As set out on the front of the report.