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Tameside Metropolitan Borough

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AUDIT PANEL

Day: **Tuesday**
Date: **28 July 2020**
Time: **2.00 pm**
Place: **Zoom**

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 Audit Panel held on 9 June 2020 to be signed by the Chair as a correct record.	1 - 6
4.	**ANNUAL GOVERNANCE REPORT 2019/20** To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	7 - 58
5.	**EXTERNAL AUDITORS ASSURANCE REPORT 2019/2020** To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	59 - 74
6.	**PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL TO JUNE 2020** To consider a report of the Head of Risk Management and Audit Services.	75 - 94
7.	**2019/20 REVENUE AND CAPITAL OUTTURN REPORT** To consider a report of the Executive Member of Finance and Economic Growth / Clinical Lead / Director of Finance.	95 - 126
8.	**DRAFT 2019/20 STATEMENT OF ACCOUNTS** To consider a report of the Director of Finance / Assistant Director of Finance.	127 - 348
9.	**TREASURY OUTTURN REPORT** To consider a report of the Executive Member for Finance and Economic Growth / Assistant Director of Fiannce.	349 - 364

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

10. 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 Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

AUDIT PANEL

9 June 2020

Commenced: 14:00		**Terminated:** 14:35
Present:	Councillors Ricci (Chair), Cartey (Deputy Chair), Fairfoull, J Fitzpatrick, J Homer, Kitchen, Ryan and Dickinson	
In Attendance:	Sandra Stewart	Director of Governance and Pensions
	Kathy Roe	Director of Finance
	Tom Wilkinson	Assistant Director of Finance
	Wendy Poole	Head of Risk Management and Audit Services

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The Minutes of the meeting of the Audit Panel held on 10 March 2020 were approved as a correct record.

3. AUDIT PANEL FORWARD PLAN AND TRAINING

Consideration was given to a report of the Director of Finance / Assistant Director of Finance which sought approval of the work programme and training set out in the report.

Members of the Panel received the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on the role of the Audit Committee in Local Government. The position statement was set out in **Appendix 2**.

The Assistant Director of Finance reported that to assist the Audit Panel with delivering its terms of reference, officers had prepared the updated work plan for 2020/21. The work plan was outlined in **Appendix 3** and set out the areas that should be considered by the Audit Panel and identified proposed training for the coming year. Members of the panel were asked to consider whether any additional items or training was required, with reference to the CIPFA position statement on the role of the Audit Committee.

Members were advised that there were two training sessions planned, one on the statement of accounts and one on risk management. A training session for March still needed to be determined, Members had the opportunity to put forward suggestions by contacting the Assistant Director of Finance.

RESOLVED
Members approved the updated work programme, including training, as set out in Appendix 3.

4. CORPORATE RISK REGISTER UPDATE

Consideration was given to a report of the Director of Finance / Head of Risk Management and audit Services, which presented the Corporate Risk Register for comment and approval.

The Corporate Risk Register detailed the risk scores evaluated both in October 2019 and May 2020. Members were advised that the COVID-19 Pandemic had adversely affected the majority of risk scorings within the risk register due to the uncertainty of the recovery process. Risk Number One had been added in response to the pandemic and was supported by a detailed risk log analysed by the eight Corporate Plan Themes, which would be managed by Board and Senior Management. Risks were categorised into three areas, Release of Lockdown, Living with Covid-19 and Building Back Better.

Work on the format of the risk register had been undertaken; however, work was ongoing to redefine the definitions for Impact and likelihood so that they work for both the Council and the CCG.

A Risk, Insurance and Information Governance Manager had been appointed who has risk management experience at another local authority and so his support with this work would be critical and one of his key priorities.

RESOLVED
Members considered and approved the Corporate risk Register at Appendix 1 and noted the development work detailed in Section 4 of the report.

5. EXTERNAL AUDIT PROGRESS REPORT AND AUDIT STRATEGY MEMORANDUM FOR GMPF

Consideration was given to a report of the Director of Finance, which provided the Panel with an update from External Audit on progress in delivering responsibilities and set out any non-audit assurance work carried out.

Members were advised of the changes to the Audit regime and Councils accounting regime since Covid19. MHCLG had changed the timetable required for the Council to prepare its accounts and put those on deposit so that members of the public could inspect and ask questions. Further, the timetable for when MHCLG would like the timetable to be completed had changed. Members were presented with a diagram of the key audit stages and reporting timeline. Accounts would be required to be ready by August 2020, Completion would be required by November 2020. However, the Panel were informed that the External Audit and Accounting team were working to a much shorter timescale and it was expected that External Audit would receive accounts in the next couple of weeks.

Members were reassured that while all Mazars' staff moved to remote working from the 16 March 2020, they were committed to supporting the Council as best they could.

The Panel received a list of national publications which could be of interest to Members, including recent publications in respect of Covid19. The Fraud control in emergency management could be of interest to those Members on the Audit Panel especially during a situation such as the Covid19 pandemic. The National Audit Office Code of Audit Practice set out the new code governing work of auditors applying from 1 April 2020 for the 2020/21 audit years. In addition, the "Guidance for Councillors, Local Government Association, March 2020" focused on specific issues relating to Members involved in work leading and protecting communities and in delivering of normal services.

Members were presented with the Audit Strategy Memorandum for the Year ending 31 March 2020. The purpose of this document was to summarise the audit approach, highlight significant audit risks and areas of key judgements and provide Members with the details of the audit team. As it was a fundamental requirement that an auditor was, and was seen to be, independent of its clients.

RESOLVED
Members of the Audit Panel noted the contents of the External Audit Progress report and Audit Strategy memorandum for GMPF.

6. REVIEW OF THE EFFECTIVENESS IF INTERNAL AUDIT 2019/20

Consideration was given to a report of the Director of Finance, which reviewed the effectiveness of Internal audit and measurers practices and performance of the Internal Audit function.

The Director of Finance highlighted Table 4 within the report which showed the assessment against each of the individual standards within the two categories of the Attribute and Performance and provided a comparison of the results presented to the Audit Panel in June 2019. The updated standards had refreshed some of the questions included to add clarity and the standards now contained a mission for internal audit and a set of core principles which articulated internal audit effectiveness.

The developments identified as a result of the assessments were not material enough to generate any issues in terms of conformance with the standards. The small number of developments identified had been built into the Quality and Improvement Programme for 2020/21.

It was reported that the Internal Audit had three key performance indicators and for 2019/20 all targets were either met or exceeded:-

- 92% of Plan Complete (92% in 2018/19 - Target 90%)
- 87% of Recommendations Implemented (93% in 2018/19 - Target 90%)
- 100% Customer Satisfaction (100% in 2018/19 - Target 90%)

The Self-Assessment conducted in April 2020 confirmed that Internal Audit conformed to the requirements of the Public Sector Internal Audit Standards

From the review of Internal Audit, it could be concluded that it helped the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes in accordance with the Public Sector Internal Auditing Standard’s definition. Taking on board the positive comments received from External Auditors and the positive comments received from Senior Management Teams/Executive Members assurance could be given that the Council had an adequate and effective Internal Audit function which contributed to the overall effectiveness of the system of internal control.

RESOLVED
That the report be noted.

7. RISK MANAGEMENT AND AUDIT ANNUAL REPORT 2019/20

Consideration was given to a report of the Head of Risk Management and Audit Services, which summarised the work performed by the Service Unit and provided assurances as to the adequacy of the Council’s systems of internal control.

The Head of Risk Management and Audit Services advised the Audit Panel that the service over achieved the total planned days to March 2020 according to the revised plan from February 2020. The total actual days to March for 2019/20 was 1513 which was only 2 below the originally planned 1,515.

It was stated that during 2019/20 work had been undertaken on the financial systems to ensure they were operating securely, fit for purpose and that the information generated from them into the general ledger was reliable. Where issues were identified as part of the systems audit work, action plans were agreed with management and these would be followed up.

Members of the Panel were provided with a summary of the audit opinions issued in relation to risk/system based audit work for 2019/20 compared to 2018/19 and 2017/18. The Head of Risk

Management and Audit services explained that the majority of final reports were issued with a Medium or High opinion throughout the year.

With regards to Post Audit Reviews, 53 had been completed in total during the year, these were detailed in the report. The percentage rate of recommendations implemented for 2019/20 was 87%, this was lower than the target of 90%, this was due to a number of key audits which were still being worked on by the Service. A second Post Audit Review would be undertaken for these pieces of work.

Members were presented with the National Fraud Initiative (NFI) Findings, Investigations undertaken had identified a total of 163 errors with a value of £276,630 and a single fraud valued at £321. Whilst identified as errors, the amounts identified would be recovered where possible. Going forward, the Council benefited from the investigations conducted as part of NFI as council tax reduction discounts and housing benefits paid out to claimants would be reduced.

An update on the National Anti-Fraud Network was provided to Members, the number of requests received during 2019/20 had increased overall by just over 8% from the previous year. The significant increase in the number of communication data requests (67%) was due to the commencement of the Investigatory Powers Act, in June 2019. This saw the introduction of an independent authorisation body, Office for Communications Data Authorisation (OCDA) and removed the need for local authorities to obtain judicial approval when seeking to acquire communications data.

The Head of Risk Management and Audit Services advised the Panel of the work undertaken in Quarter 4 with regards to Risk Management and Insurance. A considerable amount of work had taken place in finalising the Insurance procurement exercise and all insurance covers were in place by 1 April 2020. In January, the Department for Education extended the insurance scheme currently in place for academies to cover all maintained schools. An assessment was undertaken to compare the cost of the scheme to the cost of commercial insurance and moving all schools to the scheme realised a significant saving for schools. In addition to the cost savings, schools benefit from more favourable insurance terms and lower excesses. In conjunction with the Assistant Director of Learning, the team assisted in providing reports for the Schools Forum, communications for the schools and enrolling them all onto the scheme.

The performance of the section was monitored in a variety of ways and a number of indicators had been devised to enable comparisons between financial years and between similar organisations. Formal benchmarking using the Chartered Institute of Public Finance and Accountancy had not taken place for a number of years due to budget cuts and capacity; however, the North West Chief Audit Executive Group was aiming to reintroduce the comparison of a small number of key performance indicators during the coming year. Four of the five targets had been achieved for 2019/20, the unachieved target related to the Percentage of Recommendations Implemented.

Whilst demonstrating that the standard and quality of recommendations made were acceptable, their implementation was the responsibility of management and delays could occur.

The Head of Risk Management and Audit Services stated that in accordance with the Public Sector Internal Audit Standards, the Internal Audit Team/Function had continued to remain independent of any non-audit operational responsibilities during 2019/20.

It was stated that the Audit Panel could take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, were suitably designed and applied effectively.

RESOLVED
That the report be noted.

8. DRAFT ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT - UPDATE ON TIMESCALES FOR PREPARATION AND EXTERNAL AUDIT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of finance, which provided an update on the revised deadlines and proposed timescales for the preparation of the 2019/20 Statement of Accounts and Annual Governance Statement.

It was stated that the statutory timetable for the preparation of draft financial statements normally required the draft Statement of Accounts and Annual Governance Statement to be prepared and published by 31 May each year. External Audit would then take place and the target for completion of external audit and publication of the final audited Statement of Accounts was 31 July.

For the 2019/20 accounts, Government had recognised that significant operational pressures had been placed on Council's as a result of the COVID19 pandemic and changes had been made to the deadlines for publication of draft and final audited Statement of Accounts.

It was explained that the Ministry of Housing, Communities and Local Government had laid regulations to revise the statutory deadlines for 2019/20 accounts. The revised deadlines required that draft accounts and a draft Annual Governance Statement would be published by 30 August at the latest. The publication date for final audit accounts was now 30 November 2020.

The preparation of draft accounts was well progressed and officers had sought to stick to the original timetable as far as possible. However, supporting the Council's response to COVID19 had remained the priority for all service areas and as a result some elements of the accounts and the Draft Annual Governance Statement would not be complete for the original target date of 31 May. Delay in the publication of key financial returns by Government had also impacted on the preparation of some elements of the accounts.

Officers expected to complete the preparation of the Council's draft accounts by mid June 2020. The draft Statement of Accounts and Annual Governance Statement would be presented to the meeting of the Audit Panel on 28 July and then placed on deposit for public inspection during August. It was expected that External Audit would report to the meeting of the Audit Panel on 10 November 2020.

RESOLVED
That Members of the Audit Panel note the revised timescales for accounts preparation, the annual governance statement and external audit reporting.

9. URGENT ITEMS

There were no urgent items.

CHAIR

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Report To:	**AUDIT PANEL**
Date:	28 July 2020
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**ANNUAL GOVERNANCE REPORT 2019/20**
Report Summary:	To present the Annual Governance Report comprised of the two elements below for comment, challenge and approval: 1. The Draft Annual Review against the Code of Corporate Governance for 2019/20 shown at **(Appendix 1)**. 2. The Draft Annual Governance Statement for 2019/20 shown at **(Appendix 2)**.
Recommendations:	That Members approve the: - 1. Draft Annual Review against the Code of Corporate Governance for 2019/20 at (**Appendix 1**). 2. Draft Annual Governance Statement for 2019/20 at (**Appendix 2**).
Links to Corporate Plan:	Demonstrates proper Corporate Governance.
Policy Implications:	Demonstrates proper compliance with the Accounts and Audit Regulations 2015.
Financial Implications: (Authorised by the Borough Treasurer)	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 Annual Governance 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.
Background Papers:	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 possible.

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 CORPORATE GOVERNANCE REQUIREMENTS

2.1 The Framework Delivering Good Governance in Local Government, published by the Chartered Institute of Public Finance and Accountancy in association with Society of Local Authority Chief Executives in 2016, sets the standard for local authority governance in the UK. The Framework urges local authorities to review and report on the effectiveness of their governance arrangements.

2.2 The main principle underpinning the 2016 version of Delivering Good Governance in Local Government: Framework (2016) ('the Framework') continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

2.3 The core principles of the Framework are: -

- Behaving with integrity, demonstrating strong commitment to ethical standards and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the intervention necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.4 The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

2.5 The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by: -

- reviewing existing governance arrangements;
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

3 ANNUAL REVIEW AGAINST THE CODE OF CORPORATE GOVERNANCE

3.1 A review has been completed assessing the Council's position against the approved Code of Corporate Governance in order to demonstrate compliance, ongoing developments/ improvement and to prepare for the compilation of this year's Annual Governance Statement which is required, by the Accounts and Audit Regulations 2015.

3.2 The document was presented to the Single Leadership Team in 14 July 2020 for review and the draft Annual Review against the Code of Corporate Governance for 2019/20 incorporating all comments received is detailed at **Appendix 1.**

4 ANNUAL GOVERNANCE STATEMENT

4.1 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".

4.2 The Draft Annual Governance Statement for 2019/20 which has been drawn up using the guidance contained within Delivering Good Governance in Local Government - Framework issued in 2016 is attached at **Appendix 2** for comment and challenge.

4.3 The Annual Governance Statement is a corporate statement and covers both Tameside and the Greater Manchester Pension Fund.

4.4 The Annual Governance Statement is based on: -

- Directorate Self-Assessment Checklists and signed Assurance Statements;
- Head of Risk Management and Audit's Annual Report;
- Medium Term Financial Plan/Budget Report;
- Regular Budget Monitoring and Performance Reports
- Review of System of Internal Audit;
- External Audit Completion Report and Annual Audit Letter;
- Role of the Chief Financial Officer;
- Role of the Head of Internal Audit;

- Corporate Plan; and
- Statutory Inspections.

4.5 This list is not exhaustive but it details the key elements of the assurance framework used to support the production of the Annual Governance Statement.

4.6 The Draft Annual Governance Statement 2019/20 was presented to the Single Leadership Team on 14 July 2020 and their comments have been incorporated into the document.

4.7 As the Coronavirus Pandemic hit during March 2020 a separate section has been added to the Annual Governance Statement to explain how officer and member meetings were adapted to enable the Council to respond effectively as the pandemic and lockdown developed.

5 CODE OF CORPORATE GOVERNANCE

5.1 The Code of Corporate Governance was approved as a two-year document last year and therefore does not need to be included. No updates have been made to the guidance document issued in 2016 - Delivering Good Governance Framework of 2016.

6 EXECUTIVE CABINET

6.1 As in previous years this report will be circulated to the Executive Cabinet after the meeting by email for comments and any feedback will be incorporated into the documents.

7 EXTERNAL AUDIT

7.1 The Draft Annual Governance Statement will be presented to our External Auditors Mazars as part of their audit of the Statement of Accounts.

7.2 The final version incorporating any updates and comments will be presented to the Audit Panel on 10 November 2020 for approval. It will then be signed by the Executive Leader and the Chief Executive and presented formally to Mazars.

7.3 Until this date the Annual Governance Statement is a live document and will be updated for any issues that come to light affecting the governance arrangements in place.

8 RECOMMENDATIONS

8.1 As set out on the front of the report.

APPENDIX 1

DRAFT REVIEW AGAINST THE CODE OF CORPORATE GOVERNANCE 2019-20

Introduction

The main principle underpinning the development of the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) (‘the Framework’) continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector’s governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help Individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The term ‘local code’ essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

Principles of Good Governance

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	• Member Code of Conduct • Officer Code of Conduct/Conduct Rules • Standards Committee • Induction • Annual Development Reviews • Chief Executives Brief • The Wire	
	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).	• Corporate Plan • Executive Leader's Annual Key Note Address • Constitution • Member Code of Conduct	
	Leading by example and using these standard operating principles or values as a framework for decision making and other actions.	• Council Constitution – Article 17 Decision Making • Declaration of Interests at meetings • Standards Committee	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.	• Whistleblowing Policy • Anti-Fraud, Bribery and Corruption Strategy - Statement of Intent • Register of Gifts and Hospitality • Register of Interests • Complaints Policy • Codes of Conduct • Agendas/Minutes for Meetings	
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	• Scrutiny function • Standards Committee • Constitution - Decision Making	
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.	• Chief Executive's Brief • The Wire • Team Briefings • Management Training – Strive Programme • Workforce Development Plan • Codes of Conduct (Members/Staff)	
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	• Annual Development Review Process • Standards Committee • Recruitment Policies • Constitution • Codes of Conduct (Members/Staff)	
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.	• Requirements built into contracts and agreements. • STAR procurement process	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	• Constitution • Statutory Guidance • Qualified Officers in post • Circulation of Legal Updates • Legal implications included on all reports presented to Panels/Committees and Full Council	
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	• Statutory Officer roles • Job Descriptions/Person Specifications • Scheme of Delegation • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016)	
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.	• Legal Implications are provided on all reports presented to Panels/Committees and Full Council.	
	Dealing with breaches of legal and regulatory provisions effectively.	• Monitoring Officer provisions • Legal Implications provided • Statutory provisions • External/Internal Audit and Statutory Inspections • Ombudsman Complaints	
	Ensuring corruption and misuse of power are dealt with effectively.	• Anti-Fraud, Bribery and Corruption Statement of Intent and procedures • Internal Audit Assurance • Disciplinary Procedure	

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Supporting Principles	**Behaviours and Actions that Demonstrate Good Governance in Practice**	**Evidence to Support Compliance**	**Additional Work Identified**
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.	• Council Website • Corporate Plan • Data Protection Webpage • Freedom of Information Act • Transparency Pages • Engagement Strategy	
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.	• Constitution – Article 17 Decision Making • Agendas/Minutes for Meetings are published on the Council's Website • Full Council Meetings are streamed on Social Media.	
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	• Constitution – Article 17 Decision Making • Report Templates • Legal/Financial Implications provided on all reports provided to decision makers • Meeting dates for Full Council, Panels and committees published on website • Constitution - Access to Information Procedure Rules • Agenda deadlines provided and adhered to • Safe and Sound Decision Making guidance	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.	• Corporate Plan • Consultation – Big Conversation • Partnership Engagement Network • Neighbourhood Forums • Safe and Sound Decision Making guidance • Engagement Strategy • Budget Consultation	
Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.	• Service Area Plans • Corporate Plan • Partnership Engagement Network • Safe and Sound Decision Making guidance • Engagement Strategy	
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	• Specific Partnership Agreements • Budget Report • Partnership Engagement Network • Life in Tameside and Glossop • Cooperative Council Innovation Network	
	Ensuring that partnerships are based on: • Trust • a shared commitment to change • a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.	• Partnership Agreements • Co-operative Council Innovation Network	
Engaging with individual citizens and service users Effectively.	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve	• Consultation – Big Conversation • Neighbourhood Forums • Specific Partnership Agreements	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	• Partnership Engagement Network • Engagement Strategy • Budget Consultation	
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.	• Communications Strategy • Engagement Strategy	
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.	• Communications Strategy • Life in Tameside and Glossop (Joint Strategic Needs Assessment) • Partnership Engagement Network • Neighbourhood Forums	
	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.	• Communication Strategy • Complaints Procedure • Citizen Magazine • Engagement Strategy • Strategic Neighbourhood Forums	
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	• Consultation • AGMA Meetings • Council/Health Meetings • Strategic Neighbourhood Forums	
	Taking account of the interests of future generations of tax payers and service users.	• Corporate Plan • Service Plans • Life in Tameside and Glossop (Joint Strategic Needs Assessment) • Budget Consultation	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
		• Big Conversation • Public Engagement Network	

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Defining outcomes	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.	• Corporate Plan • Executive Leader's Key Note Address • Green Summit • Neighbourhood Summit • Support for Climate Emergency	
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.	• Corporate Plan • Community Engagement • Service Plans • Strategic Neighbourhood Forums	
	Delivering defined outcomes on a sustainable basis within the resources that will be available.	• Medium Tern Financial Plan • Annual Budget Report • Monitoring Reports	
	Identifying and managing risks to the achievement of outcomes.	• Risk Management Policy and Strategy • Performance Reports • Risk Management Comments on all reports to Decision Makers	
	Managing service users expectations effectively with regard to determining	• Corporate Plan • Service Plans	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	priorities and making the best use of the resources available.	• Executive Leaders Key Note Address • Performance Indicators • Budget Consultation	
Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.	• Legal/Financial Implications on all reports provided to Decision Makers • Service Plans • Medium Term Financial Plan • Budget Report • Social Value in Commissioning	
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	• Medium Term Financial Plan • Consultation • Decision Making reports/minutes are published on Website • Forward Plan • Legal/Financial/Risk Management Implications on all reports provided to Decision Makers	
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	• Consultation • Constitution Article 17 - Decision Making • Public Engagement Network	
	Ensuring fair access to services.	• Corporate Equality Scheme • Equality Impact Assessments	

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved, however, services are provided.	• Constitution Article 17 – Decision Making • Forward Plan • All reports to Decision Makers have legal/financial and risk management comments • External Audit – Value for Money Conclusion • Safe and Sound Decision Making Guidance	
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	• Consultation Feedback • Medium Term Financial Plan • Complaints/Service Requests • Revenue/Capital Monitoring • Budget Consultation	
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	• Meeting dates published • Forward Plan • Service planning process	
	Engaging with internal and external stakeholders in determining how services	• Communication Strategy • Partnership Engagement Network	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	and other courses of action should be planned and delivered.	• Mental Health Collaboration • Big Conversation	
	Considering and monitoring risks facing each partner when working collaboratively including shared risks.	• Specific Partnership Agreements • Risk Registers	
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.	• Service Planning • Business Continuity Plans	
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	• Service Planning • Performance Indicators • Annual Reports	
	Ensuring capacity exists to generate the information required to review service quality regularly.	• Performance indicators are reported, benchmarking is undertaken and corrective action taken where necessary • Review of Service Plans	
	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.	• Budget Consultation • Corporate Plan • Medium Term Financial Plan • Budget Report • Executive Member Consultation • Star Chambers	
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed	• Corporate Plan • Medium Term Financial Plan • Budget Report	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	at developing a sustainable funding strategy.	• Revenue and Capital Monitoring • Star Chambers	
Optimising achievement of intended outcomes	Ensuring the Medium Term Financial Plan integrates and balances service priorities, affordability and other resource constraints.	• Annual Budget Report • External Auditor Letter/Report • Revenue and Capital Monitoring • Star Chambers	
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	• Budget Guidance • Officer/Executive Member Consultation • Star Chambers	
	Ensuring the Medium Term Financial Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	• Revenue and Capital Monitoring • Review of Medium Term Financial Plan	
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".	• Budget Report • Statement of Accounts • Advice and Guidance from STAR Procurement	

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Developing the entity's capacity	Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.	• Revenue and Capital Monitoring • Service Reviews • Performance Reports	
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	• Benchmarking undertaken where applicable. • Co-operative Council Innovation Network	
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.	• Health and Social Care Partnership Board • Strategic Commissioning Board • Mental Health Collaboration • Maternity Voices Partnership • Adults and Children's Safeguarding Boards • Co-operative Council Innovation Network	
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	• Workforce Plan • Service Plans • Strive Leadership/Development Programme	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.	• Job Descriptions • Member Portfolios • Constitution Article 16 - Officers • Constitution - Appointment of Statutory and Proper Officers	
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.	• Constitution – Article 17 Decision Making • Constitution - Terms of Reference and Scheme of Delegation • Financial Regulations • Procurement Standing Orders	
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	• Member Portfolios • Constitution Article 16 - Officers • Constitution - Appointment of Statutory and Proper Officers	
	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: • ensuring members and staff have access to appropriate induction tailored	• Annual Development Reviews • Member Development • Strive Leadership and Aspiring Leaders Programmes • Training Programmes • Induction programme for Staff • Induction programme for Members • Member/Senior Officer Development Days • Scrutiny Panels	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. • ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.	• Media Training for Members and Senior Management • Me Learning System • COVID-19 Briefings from the Executive Leader and Chief Executive	
	Ensuring that there are structures in place to encourage public participation.	• Strategic Neighbourhood Forums • The Big Conversation • Citizen Magazine • Partnership Engagement Network	
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.	• Annual Development Reviews • Supervision Meetings • Executive Member Annual Reports • LGA Peer Challenge (On Hold due to COVID-19)	
	Holding staff to account through regular performance reviews which take account of training or development needs.	• Annual Development Reviews • Supervision Meetings • Strive Leadership and Aspiring Leaders Programmes • Training Programmes	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	• Health and Wellbeing pages on Staff Portal • Chief Executive's Brief • The Wire • Strive Leadership and Aspiring Leaders Programmes • Risk Assessments • People and Workforce Development Emails to Managers • COVID-19 Frequently Asked Questions • Staff Survey	

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.	• Risk Management Policy and Strategy • All reports to Council, Panels and Committees have to include risk management comments.	
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	• Risk Management Policy and Strategy	
	Ensuring that responsibilities for managing individual risks are clearly allocated	• Risk Management Policy and Strategy • Corporate Risk Register	
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	• Service Plans • Performance indicators • Budget Monitoring • Benchmarking • Peer Reviews	
	Making decisions based on relevant, clear objective analysis and advice pointing out	• Publication of agendas and minutes of meetings	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
	the implications and risks inherent in the organisation's financial, social and environmental position and outlook	• All reports to Council, Panels and Committees have to include legal, financial and risk management comments. • Agenda Preparation Timetables in place.	
	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.	• Scrutiny Function • Agendas and minutes of Scrutiny Panels • Scrutiny Panel Terms of Reference • Forward Plan • Scrutiny Annual Report • Constitution – Article 17 Decision Making • Use of Local Government and Social Care Ombudsman (LGSCO) in Depth Focus Reports • Overview Panel • Emails to Scrutiny Members – Guidance, Consultations and GM Scrutiny Outputs	
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	• Agenda Preparation Timetable • Constitution - Access to Information Procedure Rules • Review of Corporate Plan	
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).	• Financial Regulations • Procurement Standing Orders • Revenue and Capital Monitoring • Strategic Planning and Capital Monitoring Panel	
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving the objectives.	• Risk Management Policy and Strategy • Audit Plan and Audit Reports • Corporate Plan Review/Work Streams	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
	Evaluating and monitoring the authority's risk management and internal control on a regular basis.	• Audit Plan • Risk Management Policy and Strategy reviewed annually • Progress Reports presented to the Audit Panel • Annual Report from Head of Risk Management and Audit Services	
	Ensuring effective counter fraud and anti-corruption arrangements are in place.	• Fraud function compliant with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)	
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	• Annual Governance Statement • Public Sector Internal Audit Standards • Progress Reports presented to the Audit Panel • Annual Report from Head of Risk Management and Audit Services	
	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened to and acted upon.	• Audit Panel Terms of Reference • Agendas and Minutes published	
Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to	• Information Governance Framework • Information Governance Group • Data Protection Webpage • Data Protection Impact Assessments	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
	safeguard personal data.	• DPO in place • Information Governance and Cyber Security Training	
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	• Information Governance Framework • Data Protection Impact Assessments • Data Sharing Protocol • Advice from Legal and Risk, Insurance and Information Governance Team provided • Project Groups established	
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	• Internal Audit Plan • NHS Data Security and Protection Toolkit • Data Managers in place	
Strong public financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.	• Medium Term Financial Plan • Budget Report • Star Chambers • Revenue and Capital Monitoring • All reports presented to Council, Panels and Committees require Financial Comments	
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	• Qualified Managers in post. • Budget Report • Financial Business Partners work with Directorates • Revenue and /Capital Monitoring • Internal Audit Reports • External Audit Completion Report and Annual Letter	

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	• Council Website • Transparency Pages • Annual Reports • Social Media pages	
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	• Statement of Accounts • Annual Report • Transparency Pages	
Implementing good practices in reporting	Reporting at least annually on performance, value for money and the stewardship of its resources.	• External Audit Completion Report and Annual Letter • Statement of Accounts • Annual Governance Statement • Annual Report	
	Ensuring members and senior management own the results.	• Minutes of Meetings • Job Descriptions • Member Portfolios	
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework	• Annual Governance Statement	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	have been applied and publishing the results on this assessment including an evidence to demonstrate good governance (annual governance statement).		
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.	• Annual Governance Statement	
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.	• Statement of Accounts • External Audit Completion Report and Annual Letter • Deadlines in place • Qualified officers in post	
Assurance and effective Accountability	Ensuring that recommendations for corrective action made by external audit are acted upon.	• External Audit Completion Report and Annual Letter • Minutes from Executive Cabinet/Audit Panel Meeting • Internal Audit Plan • External Audit Reports to the Audit Panel	
	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.	• Internal Audit Charter and Strategy • Internal Audit - Post Audit Reviews • Progress Reports presented to the Audit Panel • Annual Report from Head of Risk Management and Audit presented to Audit Panel • Compliance with Public Sector Internal Audit Standards	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	• Action Plans are formulated to ensure recommendations are implemented, e.g. Ofsted Inspection of Children's Services. • Service Peer Reviews • LGA Peer Reviews	
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	• Annual Governance Statement • Statement of Accounts • Assurance Letters from External Auditors	
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	• Specific Partnership Agreements • Partnership Boards • Mental Health Collaboration • Maternity Voices Partnership • Co-operative Council Innovation Network	

APPENDIX 2

Draft
Annual Governance Statement
2019/2020

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 2019/20

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 Director of Governance and Pensions

A Local Board was established in 2015 and membership is comprised of scheme employers and member representatives. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- to ensure the effective and efficient governance and administration of the scheme.

The Executive Leader of the Council chairs the Management Panel 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. 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 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 ending 31 March 2020, and up to the date when the annual accounts are approved.

3. The 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, Anti-Fraud, Bribery and Corruption: Statement of Intent, 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 its internal communications magazine, the Wire. Allegations received are investigated by either the Monitoring Officer and/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 of Governance and Pension, as the Monitoring Officer and the Director of Finance, as the Section 151 Officer. Internal Audit assesses compliance with internal policies and procedures on an ongoing basis and annually all members of the Single Leadership 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 included in the constitution and available on the Staff Portal and any updates are 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. All managers receive regular legal updates from the Director of Governance and Pensions via a Lawyers in Local Government Bulletin.

The Medium Term Financial Plan, 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 experienced and trained to fulfil their roles, ensuring that a competent workforce is in place. 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. The Council also respond to Freedom of Information requests and has a central monitoring system in place to ensure deadlines are achieved.

Tameside also has a number of Neighbourhood Forums 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, service users and the public can identify with and this is detailed in the Corporate Plan, which can be found here.

Our People – Our Place – Our Plan is for everyone every day and is based on five themes: -

- Starting Well;
- Living Well;
- Ageing Well;
- Great Place; and
- Inclusive Growth.

The plan also has eight key Priorities: -

- Very Best Start – in life where children are ready to learn and encouraged to thrive and develop;
- Aspiration and Hope – through learning and moving with confidence from childhood to adulthood;
- Resilient Families and Supportive Networks – to protect and grow our young people;
- Work Skills and Enterprise – Opportunities for people to fulfil their potential through work, skills and enterprise;
- Infrastructure and Environment – Modern infrastructure and a sustainable environment that works for all generations and future generations;
- Nurturing and Communities – Having pride in our people, our place and our shared heritage;
- Longer and Healthier Lives – Good mental health through better choices and reducing inequalities; and
- Independence and Dignity in Older Age – Independence and activity in older age, and dignity and choice at end of life.

The corporate plan is based on a relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services. Do with, not to.

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 as we continue on our journey towards an integrated place based approach. It is using the Public Service Reform principles as a basis for the development of this approach.

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. In 2016 the Government offered any council that wished to take it up, a four-year funding settlement to 2019/20, making a commitment to provide minimum funding allocations for each year of the Spending Review period. This offer was subject to the Council choosing to accept the offer and publishing an efficiency plan by October 2016, which the Council accepted. The four-year funding settlement provides the Council with greater certainty over its funding allocations to the end of 2019/20, which enables service planning to take place with more certainty. However, the position beyond March 2020 fell outside of this four-year settlement, with a one-year settlement granted for the 2020/21 financial year with no indicative information available for future periods beyond March 2021. This has been made more complicated by the Government's commitment to review the way that local government is funded through its Fair Funding review, and creates further uncertainty that the Council needs to be aware of, and factor into its financial assumptions. The Council has introduced a more robust budget setting process that aligns with the corporate plan and started the process for setting a balanced budget in 2020/21 in February 2020.

The Covid 19 pandemic has cast further complications on the funding outlook for both 2020/21 and 2021/22 financial years and beyond, with the Council having to respond to greatly increased costs arising from dealing with the immediate impact of the pandemic, alongside losses of income relied upon to fund the effective delivery of services. It is expected that there will be a long term impact of the pandemic over the following years as the UK and world enter a period of recession/depression. Government has responded in the short term and provided the Council with a number of packages of financial support to address the immediate financial impact of the response to the pandemic in 2020/21 financial year, but as yet there have been no announcements or indications of the funding levels for 2021/22 and beyond.

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;
- 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 Plan;
- Partnership Engagement Network
- Vision Tameside; and
- Greater Manchester Strategy.

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

The Tameside Corporate Plan 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 in service plans, team plans, and individual development plans.

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.

Tameside One has brought world-class customer service and learning facilities, along with thousands of staff and students, into the heart of Ashton-under-Lyne. The Denton Wellness Centre, the jewel in the crown of our £20 million transformation of our leisure services, opened in March 2020, and construction is nearly complete on the Ashton transport interchange, which will provide a state-of-the-art hub for public transport, encompassing the metrolink tram, the national rail network and bus services in the heart of Ashton for travel within Tameside and beyond.

The Council joined the Co-operative Council Innovation Network in October 2019. The network is in place for shared learning and benchmarking around approaches to projects and service development based on the broad principles of cooperation/co-operatives. The Tameside Co-operative Summit was held on 3 October 2020 in Dukinfield and details can be found on its webpage.

Starting well is a priority for Tameside as it is a key driver for future prosperity. Educational attainment levels form a measurement of this success and in Tameside in 2019 63% of KS4 pupils achieved the standard pass in English and Maths which is an improvement on the 2018 figure of 62%, with 40% of pupils achieving a strong pass. The national average figures were 65% and 43%. Tameside has strengthened its position in comparison with North West Local Authorities. At KS2 63% of pupils achieved the expected standard in reading, writing and maths, compared to Greater Manchester at 64% and the National figure of 65%. Prioritising, reading, attendance and Special Education Needs (SEN) support across Tameside can deliver improvement. The successful Tameside Loves Reading campaign to help boost children's literacy skills is a proactive step to delivering the Council's objective of Very Best Start in life where children are ready to learn and encouraged to thrive and develop. It has seen numerous volunteers enrol who have found the experience very rewarding and positive feedback has been received from schools.

At the Council Meeting in February 2020 support for the climate emergency was discussed and it was agreed that the Council will play an active part with the Greater Manchester Combined Authority to achieve net zero carbon across Greater Manchester and commit to supporting the Mayor to deliver this challenging ambition for the region. As part of this commitment the Council has consulted on a number of walking and cycling schemes, making sure that wherever you live in Tameside you'll be able to feel secure in leaving the car at home.

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 Pension Fund's Management/Advisory Panel. The Northern LGPS Investment Pool in conjunction with West Yorkshire Pension Fund and Merseyside Pension Fund has created an asset pool and Tameside is the Host Authority of over £45bn, which is helping to reduce investments costs and provide greater scope to allow the funds to invest in major regional and national infrastructure projects.

GMPF is the biggest local Government fund in the country and invests in a diverse range of assets. At a high level, GMPF has set itself the target of achieving net zero emissions by c2050, in line with the Paris Agreement. We have been on this journey for some time, and work very closely with our active managers to understand their approach to managing the risks and opportunities of an orderly and just transition to a low carbon economy. The latest investment saw £2.4 billion of investments transferred from a traditional passively managed approach to a low carbon, factor based approach, which we see as a means of substantially reducing our carbon footprint, whilst preserving our expectations around long term returns. GMPF's latest carbon footprinting exercise found that as at 31 March 2020, the active equity holdings were 25% more efficient than the combined benchmark on the weighted average carbon intensity method, as recommended by the Taskforce for Climate related Financial Disclosures.

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 place based approach that redefines services and places individuals, families, communities at the heart.

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 Council's 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.

The Councils approach to consultation and engagement is detailed in the comprehensive Partnership Engagement Network which brings together stakeholders from a range of organisations and groups to inform and influence policy develop and decision making.

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.

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 documented decision-making process and Scheme of Delegation, which are included 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 Single Leadership Team.

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;
- 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. The External Auditor is responsible for providing a Value for Money conclusion for the Council annually and this is reported in their Audit Findings Report dated July 2019 and their Audit Letter which was presented to the Audit Panel in November 2019.

The Report included an unqualified Value for Money conclusion and stated that our External Auditors were satisfied that in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019-

> "*We are satisfied that the Council's arrangements for addressing the concerns of OFSTED were sufficient as the inspectorate re-scored the Children's Services out of inadequate. Whilst we recognise that further improvement work is required we are satisfied that arrangements are in place to secure value for money".*

The Ofsted inspection of children's social services showed that inspectors noted the effectiveness of our multi-agency safeguarding hub, strengthening the voice of the child, and enhancing our recruitment and retention efforts for social workers.

However, the journey will continue in 2020. Following Ofsted's recommendations, a detailed sustainability plan was passed at Executive Cabinet in November 2019. The seven proposals will deliver action in a number of areas, including Early Help, Family Support, Looked After Children's Placements and Fostering. These will both improve outcomes for children and families, and guarantee the financial sustainability of these vital services for the future.

In the Leaders speech presenting the budget to the Council Meeting in February 2020, it was stated that over the last six years the Council has had to save £160 million to set a legally-required balanced budget. Whilst a balanced budget was presented for 2020-21, it did continue to rely on investments in services funded from reserves and, it is projected that even more cost savings will have to be found to be able to continue to set a legal budget in future years.

The three funds that comprise Northern LGPS have formed Northern Private Equity Pool (NPEP), a joint venture that combines the private equity investing activities of the three funds. NPEP will draw on the combined expertise and experience of the internal teams at each of the respective Northern LGPS funds, and the administration capabilities of Northern LGPS's pool-wide external custodian. The combined scale and resources of the NPEP will enable funds in Northern LGPS to invest in private equity through lower cost implementation approaches than have been the case historically.

Through its involvement in the NPEP joint venture, GMPF added eight funds to its portfolio. At the end of 2019, Northern Private Equity Pool took a significant step towards its objectives through the establishment of a co-investment partnership with a leading global alternatives asset manager. This will enable GMPF, through NPEP, to implement its targeted private equity exposure at lower cost through partnering more directly with its preferred managers in certain transactions.

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 Single Leadership 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 the Accountable Officer for the Tameside and Glossop Clinical Commissioning Group and joint management arrangements have continued to develop during 2019/20 to foster closer working. Some service areas like People and Workforce Development, Executive Support and Policy, Performance and Communications are delivering services directly to the Tameside and Glossop Clinical Commissioning Group.

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 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 Executive's (Steven's) 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. The service is managed by the Director of Finance (which is a shared role with the Tameside and Glossop Clinical Commissioning Group), who is the Council's Section 151 Officer and has been in post since October 2017. The role is supported by an Assistant Director of Finance on the Council side and a Deputy Chief Finance Officer supporting the Clinical Commissioning Group and they are supported by a group of experienced Business Partners who manage the service area finance teams.

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

The Executive Director of Governance 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. As part of this a finance induction for new members is delivered by the Director of Finance and IT.

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. Significant and cross cutting service risks are amalgamated into the Corporate Risk Register, which is regularly presented to the Single Leadership Team and the Audit Panel. Every report presented to Senior Managers, Council, Committees, Board, Panels, Working Groups and for Key/Executive Decisions is risk assessed. Work is ongoing to ensure the risk management processes for the Council and the CCG are merged and embrace best practice.

The Information Governance Framework, which was refreshed during 2018, 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 in light of the introduction of the General Data Protection Regulations (GDPR) and the new Data Protection Act in May 2018. The Information Governance Group, chaired by the Director of Governance and Pensions, ensured that available resources were directed towards compliance with all relevant legislation and in line with the requirements of the Information Commissioners Office, the regulatory body for enforcing the requirements of Data Protection legislation. Information Governance, Cyber Security and Data Protection training is delivered via a range of media, including briefing notes, the Chief Executive's Brief, the Wire, workshops 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 regular reports on investigations underway to monitor progress and provide direction, where appropriate. The Council continues to participate in the National Fraud Initiative, which is conducted every two years by the Cabinet office and the datasets to be uploaded and the matched received are coordinated by Internal Audit.

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 Overview Panel 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 (2019) 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 reports directly to the Assistant Director of Finance as the Deputy Section 151 Officer and reported quarterly to the Audit Panel and the Greater Manchester Pension Fund Local Board. The Risk Management and Audit Service was also judged to conform to the Public Sector Internal Audit Standards for 2019/20 via a self-assessment which was presented to the Audit Panel on 9 June 2020 by the Director of Finance.

Undertaking the core functions of an Audit Committee, as identified in CIPFA Position Statement on Audit Committees in Local Authorities and Police (CIPFA 2018).

The Audit Panel has been reviewed to ensure that it meets the revised CIPFA Position Statement on Audit Committees issued in 2018. The membership of the Panel is still under review. Meetings are regularly attended by our External Auditor. Training is assessed for members of the panel based on their existing skills and knowledge to determine a training plan which will be delivered by officers of the Council, External Audit and service specific experts where required. A Forward plan is presented regularly to the Panel detailing the items for agendas and any training to be delivered.

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 Director and Assistant Director of Finance, the Director of Governance and Pensions and the Assistant Director (Pensions Local Investments and Property) and presented to the Audit Panel and the Pension Fund Management Advisory Panel.

In their Annual Letter of August 2019, Mazars commented that:
"*Draft accounts were received from the Council on 29 May 2019, in advance of the 31 May deadline together with most of the supporting working papers. We have had the full co-operation of management throughout 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 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. Joint working with the Tameside and Glossop Clinical Commissioning Group, the joint appointments of the Chief Executive as the Accountable Officers and a shared Director of Finance, a shared Single Leadership Team are testament to this approach. Joint meetings/arrangements are also in place with the Integrated Care Foundation Hospital Trust to ensure that integration across the health and social care realises the benefits to the people of Tameside and Glossop.

Tameside Council was officially welcomed into the Cooperative Council Innovation Network. We are now a proud member of a growing and influential network of local authorities committed to developing a new relationship with our citizens, and transforming the way that public services are delivered. As stated by the Leader of the Council in her budget speech in February 2020, this approach that will define how we look and move forward.

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 Directors/Assistant Directors 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 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 revenue and capital budgets which are reported to the Single Leadership Team, Board and Executive Cabinet and regular monitoring of Service Delivery Plans by directorates in terms of performance indicators and update reports.

- The refreshed Corporate Plan 'Our People – Our Place – Our Plan' was approved by the Executive Cabinet in February 2019. A total of 56 indicators measure the overall performance and impact of the Corporate Plan and these were reported to the Overview Panel in November 2019 by way of a Corporate Plan Performance Scorecard. The Scorecard is also presented to the Strategic Commissioning Board, Executive Cabinet, the Place and External Relations Scrutiny Panel and the Integrated Care and Wellbeing Scrutiny Panel. In light of COVID-19 work is current being undertaken, led by the Assistant Director of Policy, Performance and Communications to review the objectives within the plan as the Council defines its new normal.

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

- The Council is open to peer challenge and in the last eighteen months we have had peer reviews of MASH, Domestic Abuses, Clean Air (aka Healthy Spaces), Youth Justice, and SEND. A LGA Peer Challenge had been commissioned, however, this has had to be postponed due to COVID-19.

- 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 Overview Panel and 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. Scrutiny emails are regularly circulated to scrutiny members, elected members and senior management drawing their attention to guidance, live consultations and outputs from GM scrutiny.

- To support delivery of the Medium Term Financial Plan and be in a positive position to respond to the financial challenges facing the Council, a detailed monitoring and reporting system has been put in place. The corporate plan delivery is managed through an Assistant Directors group. 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 have been challenged to look for new and innovative ways of delivering their services as well as working more closely with our partners. Given the magnitude of the financial challenge the Council faces, consultation via the Big Conversation has continued so that residents' views on any changes can be taken into consideration. The Director and Assistant Director of Finance have worked with the Executive Members/Single Leadership Team, through a Star Chamber process 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 impact of Covid 19 has slowed the delivery of some of the savings and efficiency plans and created further uncertainty, but the Council is responding to this by bringing forward its budget process to allow an earlier consideration of the options available.

- The 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 statement and identified any areas for improvement, which will form the basis of the 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 in July 2020 and the Audit Panel in July 2020.

- The Director of Governance 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 Director of 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 Director of Governance and Pensions, the Monitoring Officer.

- The role held by the Director of Finance 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 Ofsted Inspection of Children's Services, which was undertaken in May 2019, recognised the improvements made and judged the service as Requires Improvement to be good. Throughout 2019/20 the improvement journey has continued and since January 2020, positive progress has been made across all areas of children's services, supported by a range of performance data, but a clear focus remains on improvement.

  Our updated self-assessments and Annual Conversation with the inspectorate in February 2020 has provided further clarity and there are discreet but linked improvement plans in place where required.

  Improvement remains under close review and oversight continues to be provided through regular performance reviews with lead Members, the Tameside Safeguarding Children's Partnership and the Children's Improvement Board. The post inspection year of Department of Education oversight and monitoring, focusing on evidencing continued improvement, is anticipated to come successfully to an end shortly, but a final decision is still awaited.

- 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 a Completion Report and Annual Audit Letter along with other reports during the year. The Corporate Risk Register and the Risk Management Policy and Strategy were presented to the Audit Panel during the year. Work in relation to the risk management system including risk registers is ongoing as we continue to develop systems compatible across the Strategic Commission.

- 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 the External Peer Review conducted in March 2018 confirmed that the service was fully compliant with all the standards, the self-assessment undertaken annually since then have reaffirmed compliance and the report for 2019/20 was reported to the Audit Panel in June 2020 and presented by the Director of Finance.

- The Data Protection Officer and the Head of Risk Management and Audit have continued to monitor adherence to data protection legislation throughout the year and taken appropriate action to deal with any incidents arising. Executive Support continued to monitor the processing of Freedom of Information and Subject Access Requests and weekly progress reports are now provided to all managers and the Executive Cabinet to ensure compliance with the relevant timescales. Information Governance and Cyber Security E-Learning modules were rolled out across the Council in early 2020 to measure and test staff understanding across these key areas and the latest completion rate is 95%.

- 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 development areas identified in Section 6, are regularly reported to the Audit Panel throughout the year by the Head of Risk Management and Audit Services.

The governance arrangements described above were fully operation until March 2020 when the Coronavirus Pandemic COVID-19 arrived.

5. Impact of Coronavirus Pandemic (COVID-19)

The Coronavirus Pandemic COVID-19 hit the Council during March 2020 and by 18 March all staff had been instructed to Work from Home where possible in line with Government advice. The Single Leadership Team became Gold Command (Strategic Coordination Group) and initially met on a daily basis to ensure that we responded promptly to the pandemic and delivered essential services in exceptional circumstances. Staff were redeployed within and across directorates to work on critical services. In terms of decision making Board met on a weekly basis so that matters could be dealt with in a timely manner to ensure we could response effectively to the fast changing situation. A Humanitarian Hub was established to provide food and essential medical supplies to residents who needed support. Throughout the pandemic period the Council and its staff have demonstrated dedication and resilience to the residents of Tameside. Support and advice from both the Governance and Finance Directorates has continued to ensure that actions have kept pace with the regulations issues by the Government and that financial control has been exercised to capture COVID-19 expenditure.

By the end of June, the Single Leadership Team resumed meeting every Tuesday and the Strategic Coordination Group now meets every Thursday. All meetings are being held virtually using Skype for Business. Plans are now being developed for the Council as we define the "new norm" as we learn to live with COVID-19.

6. 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. Areas for development have been identified in the Improvement Plan attached at **Appendix A**, and addressing these will further enhance the Governance Framework.

The Internal Audit opinion for 2019/20 as reported to the Audit Panel on 9 June 2020 is that members and senior management can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, are suitably designed and applied effectively. It has to be accepted that the gross risk for the Council has increased in recent years (as we have reduced capacity whilst still having to deliver a significant change programme to meet our financial challenges). The finding of Internal Audit's work is that controls are in place to mitigate these risks and where improvements have been highlighted, managers have agreed to implement the suggested recommendations. This will aid the management of risks and support the overall control environment.

Improvements arising from External Audit Reports and Inspection Reports during the year have already been built into Service Area Action Plans and are monitored as part of the Performance Management Framework. Internal Audit work with senior managers throughout the year using the Post Audit Review process to ensure identified improvements are implemented.

7. Conclusion and Signatures

The Annual Governance Statement has been reviewed by Senior Management, presented, and approved by the 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 Brenda Warrington Executive Leader of Tameside MBC	Steven Pleasant MBE Chief Executive of Tameside MBC
Dated: 10 November 2020	Dated: 10 November 2020

Annual Governance Statement 2019/20 – Improvement Plan

Appendix A

Ref	Area of Review	Improvement Identified for Implementation in 2019/20	Progress Reported As At 30 June 2020	Improvement Identified for Implementation in 2020/21	Improvement Owner and Completion Date
1	2019/20 Vision Tameside (Carry Forward)	Work in relation to the public realm in Ashton continues as do the remaining accommodation moves and an internal group chaired by the Director of Operations and Neighbourhoods and recant coordinators allocated by each service is monitoring progress. Initial approval has been given for the Capital Project for Ashton Town Hall; however, a business case needs to be developed to detailing how resources will be used and a usage plan for the building.	External commission underway to determine options for Ashton Town Hall. Vision Tameside - Some remaining snagging still being resolved with the LEP, The Transport Interchange is nearing completion and Land transfers nearing resolution.	Options for Ashton Town Hall will be developed and reports presented to ensure full consideration of the options following the Council's governance process for approval. Vision Tameside – the remaining elements of the project to be completed as COVID-19 restrictions are lifted.	Director of Growth March 2021
2	Children's Services (Carry Forward)	Work is continuing on the improvement journey. The Ofsted Inspection of Children's Services, which was undertaken in May 2019, has now judged the service as Requiring Improvement. The Inspection Report comments that more recently, significant	Since January 2020, positive progress has been made across all areas of children's services, supported by a range of performance data, but a clear focus remains on improvement. Our updated self-assessments and Annual Conversation with the	The strengthened 'whole-council' commitment to improving the quality and impact of services for children noted by Ofsted, continues to be clearly evident, most notably in relation to the 7 sustainability projects and more widely through the Tameside Safeguarding Children's Partnership.	Director of Children's Services March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2019/20	Progress Reported As At 30 June 2020	Improvement Identified for Implementation in 2020/21	Improvement Owner and Completion Date
		changes in senior leadership have supported the adoption of a much strengthened 'whole-council' commitment to improving the quality and impact of services for children. This has not only been the case within the children's services department but also more widely within the local multi-agency safeguarding arrangements and political leadership. As a result, there has been a notable increase in the pace and effectiveness of service development. Leaders have an improved understanding of how well services are working for children and of their key priorities.	inspectorate in February has provided further clarity and there are discreet but linked improvement plans in place where required. Improvement remains under close review and oversight continues to be provided through regular performance reviews with lead Members, the Tameside Safeguarding Children's Partnership and the Children's Improvement Board. The post inspection year of Department for Education oversight and monitoring, focusing on evidencing continued improvement, is anticipated to come successfully to an end this month, but a final decision is still awaited.	Leaders, both Officers and Members also retain an improved understanding of how well services are working for children and of their key priorities.	
3	Pension Fund Pooling of Investments (Carry Forward)	A formal joint committee governance structure will be established in the next few months. Representatives of the Fund will continue to work closely and seek professional advice, as required, in order to finalise all aspects of the	Joint committee governance structure now fully operational. GMPF and its partners continue to seek professional advice as necessary in order to further develop the pool. Government is still yet to respond on the consultation	Governance requirement Completed	

Ref	Area of Review	Improvement Identified for Implementation in 2019/20	Progress Reported As At 30 June 2020	Improvement Identified for Implementation in 2020/21	Improvement Owner and Completion Date
		Pool. New draft pooling guidance has been issued for consultation, which the Northern pool has responded to. The outcome of the consultation is expected shortly.	on new draft guidance.		
4	Health and Safety (Carry Forward)	New appointments will be made to the Health and Safety Service following an update to ECG in April 2019. Significantly increased the resource dedicated to Health and Safety and this will be embedded during 2019/20	This team is now established and has demonstrated its capability both at a Directorate Level and a Corporate Level by supporting services during the current Covid crisis	Improvement Complete	
5	Management of CCTV (Carry Forward)	A business plan is being developed to look at the investment and updating of the CCTV system to ensure compliance and service delivery.	The progress of this review in relation to the potential capital investment has been delayed due to Covid related pressures. All other aspects of the plan have been implemented.	Capital investment to update the CCTV system will be progressed during 2020/21.	Director of Operations and Neighbourhoods March 2021
6	Estates Management (Carry forward)	New Director of Growth is developing a new structure, which will be implemented during the summer of 2019. The operation of all systems involved will be considered	New Assistant Director commenced in post April 2020. Strategic Property staffing structure (including estates) under review and restructure will be	The ongoing structure changes will be implemented by October 2020. The SAMP, Disposal Policy, Surplus Property and Freehold Reversions Policy to considered by Cabinet in July	Director of Growth March 2021.

Ref	Area of Review	Improvement Identified for Implementation in 2019/20	Progress Reported As At 30 June 2020	Improvement Identified for Implementation in 2020/21	Improvement Owner and Completion Date
		as part of this implementation. A Strategic Asset Management Plan (STAP) is also being developed.	implemented by Oct 2020. SAMP report drafted and to be considered by Cabinet July 2020. Potential land and property disposals – ward member consultations completed June / July 2020. Updated Disposal Policy being drafted and to be considered by Cabinet Aug 2020. Proposed land and property surplus to requirements to be considered by Cabinet Aug 2020. Freehold Reversions Policy being updated and to be considered by Cabinet Aug 2020. .	and August 2020. Service and occupational building needs to be reviewed by Oct 2020. Asset Review work to be commissioned Sept 2020.	
7	ICT Disaster Recovery and Business Continuity Planning (Carry Forward)	The ICT Disaster Recovery Plan is being considered as part of the Vision Tameside Project and the creation of the new Data Centre. A Digital Strategy is in development to help maximise the benefits of digital initiatives across the organisation.	COVID-19 lock down has added further delays but construction works are now underway and current projections are that the new Data Centre will be completed in Jan/Feb 2021. COVID-19 lockdown has also delayed the build of the new DR facility. This work is also now underway and building the infrastructure	During 20/21 the Council will for the first time have key systems hosted in a Disaster Recovery facility. The implementation of a new backup and recovery system, which will include off site tape storage, and the adoption of the new Cyber Security Strategy with associated action plan means the Council is best placed to deal with physical	Director of Finance March2021

Ref	Area of Review	Improvement Identified for Implementation in 2019/20	Progress Reported As At 30 June 2020	Improvement Identified for Implementation in 2020/21	Improvement Owner and Completion Date
			(servers, discs and switches) will be complete in August 2020. The initial list of systems being hosted in the DR center is being finalised and Licenses requirements (Microsoft Server operating system and SQL database) are currently being procured.	disasters as well as Cyber incidents.	
8	Information Governance (Carry Forward)	Work will continue during 2019/20 on our journey to compliance with GDPR and the Data Protection Act 2018. Changes to policies and procedures will be required when the UK leaves the EU, as the Data Protection Act 2018 will be updated.	The Risk, Insurance and Information Governance Manager started in post on 1 July 2020, however, recruitment is still ongoing for the officer roles. Whilst work is ongoing to support the Council in terms of Data Sharing, Date Protection Impact Assessments, information incidents and general advice, further capacity is still needed to address the developments in the Action Plan.	Compliance with GDPR and the Data Protection Act 2018 are a key priority for the Council and the Risk, Insurance and Information Governance Team. The Action Plan will be reviewed with the new Risk, Insurance and Information Governance Manager, and as capacity is added to the team the improvements required will be allocated and delivered.	Director of Governance and Pensions Director of Finance March 2021
9	Implementation of a Strategic Commissioning Function (Carry Forward)	The Single Leadership Team need to continue to review and identify the appropriate risks across both organisations, on a	Work is ongoing to develop a shared risk management approach across both organisation to enable consistent reporting which	The Single Leadership Team need to continue to review and identify the appropriate risks across both organisations, on a regular basis including	Single Leadership Team March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2019/20	Progress Reported As At 30 June 2020	Improvement Identified for Implementation in 2020/21	Improvement Owner and Completion Date
		regular basis including identifying mitigating actions and report on these through the appropriate governance routes in each statutory organisation.	meets the requirements of the statutory organisations.	identifying mitigating actions and report on these through the appropriate governance routes in each statutory organisation.	
10	Debtors (Carry Forward)	Improvements to the Debtors System have been highlighted as part of an internal audit review.	Significant work has taken place in terms of both the Debtors IT System (Moving from Civica to Agresso) and the introduction of new ways of working, which affect all services, are being implemented.	Improvements being introduced to the Debtors System need to be embedded across the Council and these will then be tested by Internal Audit in the latter half of 2020/21 to provide assurance that the overall system is working effectively and fit for purpose.	Director of Governance and Pensions Director of Finance March 2021
11	Risk Management System (New)			To review the risk management systems in operation across the Strategic Commission and align them to ensure consistency of approach and reporting.	Director of Finance December 2020
12	Budget Monitoring (New)			Following and Internal Audit review the processes in place are being reviewed and improved to address the concerns raised.	Director of Finance October 2020

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Report To:	**AUDIT PANEL**
Date:	28 July 2020
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**EXTERNAL AUDITORS ASSURANCE REPORT 2019/2020**
Report Summary:	Mazars, the Council's External Auditors, as part of their risk assessment procedures, are required to obtain an understanding of management processes in relation to fraud risk assessment, laws and regulations and going concern considerations as part of their annual audit. Their report presents the response to the letters and questionnaires received from Mazars for consideration by the Panel ahead of the document being signed by the Chair of the Panel and the Director of Finance.
Recommendations:	That members comment and challenge the responses detailed in **Appendix 1** and **Appendix 2**, so that the schedules can be signed by both the Chair of the Audit Panel and the Director of Finance ahead of them being provided to Mazars.
Corporate Plan:	The Report demonstrates the Council is committed to high levels of Corporate Governance.
Policy Implications:	External audit of the Council supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the statutory Section 151 Officer and Chief Finance Officer)**	There are no direct financial implications.
Legal Implications: **(Authorised by the Borough Solicitor)**	This report demonstrates compliance with the required auditing standards.
Risk Management:	Ensuring that the Council meets the required standards in terms of management assurance in relation to fraud risk assessment, laws and regulations and going concern considerations supports corporate governance objectives and ensures risk is minimised.
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 To comply with International Auditing Standards, Mazars need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with the law and regulation. They are also required to make inquiries of both management and the Governing Body as to their knowledge of any actual, suspected or alleged fraud.

1.2 International Auditing Standards also place certain obligations on auditors to document management's view on some key areas affecting the financial statements.

1.3 The three specific areas covered are Fraud Risk Assessment, Law and Regulation and Going Concern Considerations.

2 ASSURANCE FROM AUDIT PANEL CHAIR AND MANAGEMENT

2.1 A letter was sent to the Chair of the Audit Panel requesting responses to a number of questions as follows:

- How do you exercise oversight of management's processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
  - communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct); and
  - communicating to you the processes for identifying and responding to fraud or error.
- How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2019/20? If so, please provide details.
- How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2019/20? If so, please provide details.

In addition to the above, which cover the Council's processes and controls, the letter included further questions in an appendix to ascertain your views on fraud.

2.2 Appendix 1 details the responses to the questioned posed in 2.1 above.

2.3 A letter was also sent to the Director of Finance requesting responses to a number of questions.

- What processes are in place at the Council to:
  - undertake an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - identify and respond to risks of fraud;
  - communicate to employees the Council's views on business practice and ethical behaviour (for example by updating, communicating and monitoring against relevant codes of conduct); and

  - communicate to the Audit Panel the processes for identifying and responding to fraud or error.
- How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2019/20?
- Are there any actual or potential litigation or claims that would affect the financial statements?
- What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships. For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2020.

In addition to the above, which cover the Council's processes and controls, the letter included further questions in an appendix to ascertain your views on fraud.

2.4 Appendix 2 details the responses to the questioned posed in 2.3 above.

3 RECOMMENDATION

3.1 That members comment and challenge the responses detailed in **Appendix 1 and Appendix 2**, so that the schedules can be signed by both the Chair of the Audit Panel and the Director of Finance ahead of them being provided to Mazars.

APPENDIX 1

ASSURANCE PROVIDED BY THOSE CHARGED WITH GOVERNANCE

Ref	Question	Management response
1	How do you exercise oversight of management's processes in relation to undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)?	The Council has assessed the risk of material misstatement in the financial accounts and to mitigate the risks has put in place: - Systems of internal control which are tested by Internal Audit on a cyclical basis. Acceptable controls were in place in the majority of the systems reviewed. The Council has an experienced Finance Team in place and the financial statements are prepared in accordance with an agreed action plan and checks and balances are incorporated into the process. Regular monitoring is undertaken, monthly for revenue and quarterly for capital which highlights any deviations from budget. Cost Centre Managers have to comment on all under/overspends. A report was presented to the Audit Panel on 10 March 2020 setting out the accounting policies and estimates for 2019/20 accounts, covering; the proposed accounting policies, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts.
2	How do you exercise oversight of management's processes in relation to identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist?	Within Internal Audit a dedicated resource is available to respond to all fraud referrals. The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively. Attendance at seminars and fraud groups to ensure that learning is shared and participation in Webinars. The CIPFA Fraud and Corruption Tracker Report and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA's TIS Online and the Better Governance Forum. All fraud cases are reported in summary to the Audit Panel and in detail to the Internal Standards Panel. Financial systems are reviewed on a regular basis and high risk areas highlighted from available fraud reports and other intelligence are built into the audit planning process. The learning from frauds is built into audit programmes to ensure that checks undertaken are responsive to issues identified. Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment and this is followed up with a Post Audit Review to ensure

Ref	Question	Management response
		agreed actions have been implemented.
3	How do you exercise oversight of management's processes in relation to communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct)?	Contract Terms and Conditions and Partnership agreements are in place. Articles published in the Wire, Chief Executive's Brief and on the staff portal. Manager Team briefings. Code of Conduct in place and on the staff portal. Employment contracts, job descriptions and person specifications and induction. Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent on the staff portal and the public website. Whistleblowing policy in place. Professional staff (e.g. Accountants, Solicitors, Auditors and Social Workers) are also bound by codes of ethics issued by their professional bodies.
4	How do you oversee management processes in relation to communicating to you the processes for identifying and responding to fraud or error?	Progress reports are presented to the Audit Panel by the Head of Risk Management and Audit and these details work undertaken in relation to Fraud. The results of the National Fraud Initiative NFI which cover both Fraud and error are also reported by the Head of Risk Management and Audit.
5	How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2019/20? If so, please provide details?	The Head of Risk Management and Audit reports to every Audit Panel and the reports contain an update on fraud cases. The Panel receives and approves the Fraud Response Plan, Internal Audit Strategy and Charter. All fraud investigations are regularly reported to the Standards Panel. The Annual Governance Statement is presented to the Audit Panel and the process involves that all Directors sign an Assurance Statement and complete a Self-Assessment Checklist to confirm that internal controls have been in place in their Directorate during the year. Where control weaknesses are identified as part of an Internal Audit or investigation recommendations to improve the control environment are included in an Action Plan included in the Final Report.
6	How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance	The Annual Governance Statement (AGS) and the associated assurance framework is presented to the Audit Panel, where Directors sign an Assurance Statement which covers that laws and regulations have been complied with. All reports are reviewed by Legal to ensure the legal implications have been fully considered. Significant issues identified by Internal Audit would be highlighted in the Annual Report and progress reports by the Head of Risk Management and Audit. No

Ref	Question	Management response
	during 2019/20? If so, please provide details?	
7	Are you aware of any actual or potential litigation or claims that would affect the financial statements? If so, please provide details?	The Council holds an internal insurance reserve which is actuarially assessed annually for appropriateness after taking into account insurance claims activity. An insurance portfolio is in place for all major insurance covers, which is also reviewed annually. We have procured Insurance Brokers to provide independent advice and the Insurance Team receive regular industry bulletins keeping them up to date with new claim trends, litigation judgements and risk mitigation strategies. Litigation not covered by the Council's insurers is dealt with in-house by the Borough Solicitor and her Legal Team, who will assess cases on their merits, and ensure the appropriate level of expertise is employed, also ensuring that any potentially large claims are reflected appropriately in the Council's contingency arrangements. If it is assessed that a liability is likely to arise from litigation or claims, then an appropriate sum will be included in the financial statements.
8	Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern? If so, please provide details?	This is led by the Director of Finance (Section 151 Officer) and the Head of Paid Service (Chief Executive). This is undertaken through the budget planning process to ensure the ongoing sustainability of the Council and the budget, along with the Section 151's assessment of the robustness of the budget, is approved by Full Council. The Council is assessed as being a going concern. The Budget Report and MTFP are prepared in full consultation with the Single Leadership Team and Executive Cabinet with best estimates of the likely expenditure requirements and the resources available. This allows the Council to rigorously assess that the Council continues to be a going concern. Both Capital and Revenue monitoring continues throughout the year to provide reassurance of its belief. Regular reappraisal of the MTFP takes place together with a daily review of the cash flow. A review of the adequacy of reserves is undertaken by the Director of Finance (Section 151 Officer) each year, and included in the annual budget report. The Council is currently facing a significant financial challenge in response to the Coronavirus Pandemic and has introduced more rigorous challenge into the Budget Monitoring Process and has brought the budget preparation timetable for 2021/22 forward. Financial modelling is ongoing to present the financial health of the Council to Senior Officers and Members.

<table>
<tr><th>Ref</th><th>Question</th><th>Management response</th></tr>
<tr><td>9</td><td>Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2019 – 31 March 2020 (if ‘yes’, please provide details)?</td><td>Internal Audit has investigated several allegations of fraud and these are reported to both the Standards Panel on a regular basis and the Audit Panel. Investigations are ongoing in respect of nine cases, including a number of Adult Social Care frauds.</td></tr>
<tr><td>10</td><td>Do you suspect fraud may be occurring within the organisation?</td><td>All reported allegations are considered by Internal Audit and either investigated or assistance is provided to management.

All cases are reported to the Audit Panel and the Standards Panel by the Head of Risk Management and Audit.

During 2019/20, 30 cases have been dealt with by Internal Audit. 14 Cases were considered to warrant an investigation and in 16 cases assistance was provided to management. The Tables below provides details of the cases for 2019/20.
<table>
<tr><th>Fraud Cases</th><th>No. of Cases</th></tr>
<tr><td>Cases b/Forward from 2018/19</td><td>8</td></tr>
<tr><td>Current Year Referrals</td><td>6</td></tr>
<tr><td>Total</td><td>14</td></tr>
<tr><td>Cases Closed</td><td>5</td></tr>
<tr><td>Cases still under Investigation</td><td>9</td></tr>
<tr><td>Total</td><td>14</td></tr>
<tr><td>Assistance Cases</td><td>16</td></tr>
</table>
<table>
<tr><th>Fraud Type</th><th>No. of Cases</th></tr>
<tr><td>Adult Social Care</td><td>9</td></tr>
<tr><td>Business Rates</td><td>1</td></tr>
<tr><td>Procurement</td><td>1</td></tr>
<tr><td>Misappropriation of Public Funds</td><td>2</td></tr>
<tr><td>Pension Overpayment</td><td>1</td></tr>
<tr><td></td><td>14</td></tr>
</table>
Where appropriate learning from irregularity investigations is shared across the Council and with schools.</td></tr>
<tr><td>11</td><td>Have you identified any specific fraud risks within the Council?</td><td>Within Internal Audit a dedicated resource is available to respond to all fraud referrals.

The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively.

Attendance by officers at seminars, fraud groups and participation in Webinars ensures that learning is shared and intelligence is obtained.

The CIPFA Fraud and Corruption Tracker Report and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA’s TIS Online and</td></tr>
</table>

Ref	Question	Management response
		the Better Governance Forum. All fraud cases are reported to the Standards Panel. Financial systems are reviewed on a regular basis. The high risk areas highlighted from available fraud reports and other intelligence are built into the audit planning process. The learning from frauds is built into audit programmes to ensure that checks undertaken are responsive to issues identified. Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment and this is followed up with a Post Audit Review to ensure agreed actions have been implemented.
12	Are you satisfied that internal controls, including segregation of duties, exist and work effectively (if 'yes', please provide details)? If not where are the risk areas?	Managers are responsible for implementing systems of internal control and this is confirmed annually in the Assurance Statement and Self-Assessment Checklist completed by each Director as part of the Annual Governance Statement process. Internal controls are reviewed by Internal Audit using a risk based audit plan and a standardised system of internal audit. Each audit is concluded by the production of a Final Report which details the recommendations made in terms of any system weaknesses and includes the management response together with a named responsible officer and deadline date. A Post Audit Review is undertaken 6 months (3 months where a low level of assurance I given) after the final is issued to ensure that all recommendations have been implemented. Any significant issues would be reported to the Audit Panel. At the conclusion of a fraud/irregularity investigation a control report is produced making recommendations to systems and again the report includes management responses, a named officer and a deadline date. A Post Audit Review is also conducted to ensure the recommendations have been implemented. As the organisation moves to flatter structures and smaller teams; the audit team has to be responsive to the effects of these changes on the traditional controls like segregation of duties and look for compensating controls/automatic system controls to ensure that the control environment is not adversely affected and the Council put at risk.
13	How do you encourage staff to report their concerns about fraud?	Fraud Response Plan and Whistleblowing Policy in place and available on the intranet/internet. During 2019/20, six new cases which led to an investigation were reported to Internal Audit.
14	What concerns about fraud are staff expected to report?	The Whistleblowing Blowing Policy encourages staff to

Ref	Question	Management response
		report any concerns of wrongdoing.
15	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	No
16	How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Members are required to make annual declarations of interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is undertaken by the Finance Team as part of the preparation of the annual financial statements.
17	Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No
18	Are there particular balances in the accounts where fraud is more likely to occur?	No
19	Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	No
20	Could a false accounting entry escape detection? If so, how?	The potential for a false accounting entry to escape detection is considered to be very low due to the segregation of duties and compensating controls, reconciliations and review processes in place across all financial systems. A false accounting entry would require collusion between a number of officers across different teams and is therefore considered to be extremely unlikely.
21	Are there any external fraud risk factors, such as collection of revenues?	Payment systems are considered to present more risks as they are open to external risk factors like the bank mandate fraud.
22	Are you aware of any organisational or management pressure to meet financial or operating targets?	No

Ref	Question	Management response
23	Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No pressure is being applied or incentives offered to meet financial or operating targets. All senior officers within the Finance Team are members of professional bodies and bound by a code of ethics.
24	What arrangements has the Council put in place in response to the Bribery Act 2010?	The Council has put in place guidance for Managers and Employees which is available on the Staff Portal.

Signed:

Kathy Roe
Director of Finance (Section 151 Officer)
Date:

Signed:

Councillor Vincent Ricci
Chair of Audit Panel
Date:

APPENDIX 2

UNDERSTANDING MANAGEMENT PROCESSES AND ARRANGEMENTS

	Question	Management Response
1	What processes are in place at the Council to undertake an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)?	The Council has assessed the risk of material misstatement in the financial accounts and to mitigate the risks has put in place: - Systems of internal control which are tested by Internal Audit on a cyclical basis. Acceptable controls were in place in the majority of the systems reviewed. The Council has an experienced Finance Team in place and the financial statements are prepared in accordance with an agreed action plan and checks and balances are incorporated into the process. The training and development of the Finance Team is reviewed by the Assistant Director of Finance and CPD is regulated by professional bodies. All Business Partners and senior finance staff have undertaken Business Partner training delivered by CIPFA and are undertaking the Certificate in Finance Business Partnering. Regular monitoring is undertaken quarterly for both revenue and capital which highlights any deviations from budget. Cost Centre Managers have to comment on all under/overspends. A report was presented to the Audit Panel on 10 March 2020 setting out the accounting policies and estimates for 2019/20 accounts, covering; the proposed accounting policies, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts.
2	What processes are in place at the Council to identify and respond to risks of fraud?	Within Internal Audit a dedicated resource is available to respond to all reported fraud. The arrangements in place have been measured against CIPFA's Code of Practice - Managing the Risk of Fraud and Corruption and are compliant. Intelligence is obtained from numerous fraud websites, from NAFN Data and Intelligence Services which is hosted by Tameside MBC and the North West Chief Audit Executives Fraud Sub Group. A Whistleblowing Policy is available on Council's Website and the Intranet for staff/public to raise concerns and whistleblowing referrals are received. Participation in the National Fraud Initiative Data Matching Exercises which are conducted every 2 years.
3	What processes are in place at the Council to communicate to employees the Council's views on business practice and ethical behaviour (for example by	Articles in Live Wire Chief Executive's Brief Team Briefs Contracts of Employment/Codes of Conduct

	Question	Management Response
	updating, communicating and monitoring against relevant codes of conduct)?	Gifts and Hospitality Protocol Professional staff are also bound by their Professional Bodies Ethical Codes of Practice.
4	What processes are in place at the Council to communicate to the Audit Panel the processes for identifying and responding to fraud or error?	The Head of Risk Management and Audit presents reports to the Audit Panel throughout the year as follows: • Planned Work Report – June 2019 • Progress Reports – November 2019 and March 2020 • Annual Report – June 2019 The planning report sets out the audit plan for the coming year which is risk based, using criteria which includes Susceptibility to Error/Fraud. The Audit Panel has a forward plan that is reported at each meeting so that Members are aware of the reporting cycle.
5	How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2019/20?	The Annual Governance Statement (AGS) and the associated assurance framework providing assurance that laws and regulations have been complied with as Directors have to sign an Assurance Statement which is based on the completion of a detailed self-assessment checklist which covers this aspect. All reports are reviewed by Legal to ensure the legal implications have been fully considered. Significant issues identified by Internal Audit would be highlighted in the Annual Report and progress reports by the Head of Risk Management and Audit. Legal Bulletins are circulated by the Director of Governance and Pensions (Borough Solicitor) to the Executive Cabinet and all managers keeping them up to date with changes in the law.
6	Are there any actual or potential litigation or claims that would affect the financial statements?	The Council holds an internal insurance reserve which is actuarially valued regularly for Insurance claims. An insurance portfolio is in place for all major insurance covers, which is reviewed annually. We have procured Insurance Brokers to provide independent advice and the Insurance Team receive regular industry bulletins keeping them up to date with new claim trends, litigation judgements and risk mitigation strategies. Litigation not covered by the Council's insurers is dealt with in-house by the Borough Solicitor and her Legal Team, who will assess cases on their merits, and ensure the appropriate level of expertise is employed, also ensuring that any potentially large claims are reflected appropriately in the Council's contingency arrangements. If it is assessed that a liability is likely to arise from litigation or claims, then an appropriate sum will be included in the financial statements.
7	What controls are in place to:	Members are required to make annual declarations of

	Question	Management Response
	identify, authorise, approve, account for and disclose related party transactions and relationships. For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2020?	interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is undertaken by the Finance Team as part of the preparation of the annual financial statements. This review includes: Review of all Member disclosed interests, obtaining declarations from all Directors and Assistant Directors, review of payments and receipts totals by supplier and comparison to declared interests. The identified related parties are reviewed by Senior Officers in the finance team and disclosures approved by the Assistant Director of Finance and Director of Finance. The review of related parties for 2019/20 has been completed.
8	Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2019 – 31 March 2020? (if 'yes', please provide details)?	A number of irregularities were investigated during the year but they did not present any risk to the compilation of the Council's accounts. During 2019/20, 30 cases have been dealt with by Internal Audit. 14 Cases were considered to warrant an investigation and in 16 cases assistance was provided to management. The Tables below provides details of the cases for 2019/20.

Fraud Cases	No. of Cases
Cases b/Forward from 2018/19	8
Current Year Referrals	6
Total	**14**
Cases Closed	5
Cases still under Investigation	9
Total	**14**
Assistance Cases	16

Fraud Type	No. of Cases
Adult Social Care	9
Business Rates	1
Procurement	1
Misappropriation of Public Funds	2
Pension Overpayment	1
	14

9	Do you suspect fraud may be occurring within the organisation?	See above.
10	Have you identified any specific fraud risks within the Council?	Financial systems are reviewed on a cyclical basis to ensure that they are fit for purpose and the controls are operating effectively. No major issues have been identified in any of the systems. Payment systems are considered to present more risks as they are open to external risk factors like the bank mandate

	Question	Management Response
		fraud.
11	Are you satisfied that internal controls, including segregation of duties, exist and work effectively (if 'yes', please provide details)?	Internal Audit has undertaken a number of audits/reviews during 2019/20 to review the Council's internal control processes and the results of their work are reported to the Audit Panel by the Head of Risk Management and Audit. Where improvements have been highlighted, managers have agreed to implement the suggested recommendations. This will aid the management of risks and support the overall control environment. Senior Management is responsible for the control environment and work with Internal Audit throughout the year to ensure that any proposed changes to systems and processes do not adversely affect the control environment. With a reducing work force more reliance is being placed on technological controls rather than on conventional controls like segregation of duties. All Directors sign Assurance Statements annually for the Annual Governance Statement to confirm that internal controls have been in place in their Directorate during the year. The Head of Risk Management and Audit presents an Annual Report to the Audit Panel in June summarising the work of Internal Audit and providing an opinion on the control environment.
12	If not where are the risk areas?	All Internal Audits and Investigations generate a Draft and Final Report which detail recommendations made to improve the control environment where improvements are identified. Post Audit Reviews are undertaken six months (three months where a low level of assurance was given) after the Final Report was issued to ensure recommendations have been implemented, thus improving the controls in place.
13	How do you encourage staff to report their concerns about fraud?	Fraud Response Plan and Whistleblowing Policy in place and available on the intranet/internet. During 2019/20, 6 new cases were reported to Internal Audit.
14	What concerns about fraud are staff expected to report?	The Whistleblowing Blowing Policy encourages staff to report any concerns of wrongdoing.
15	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	No
16	How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Members are required to make annual declarations of interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is undertaken by the Finance Team as part of the preparation

	Question	Management Response
		of the annual financial statements.
17	Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No
18	Are there particular balances in the accounts where fraud is more likely to occur?	The risk of fraud in the financial statements is considered to be generally low due to the nature of transactions and balances relating to the Council. The Council has a system of internal control in place which is tested on a cyclical basis by Internal Audit and no significant fraud risks have been identified. Controls in place in respect of receipts of payments are considered to be strong and minimise the risk of fraud. The Council has minimal physical assets which could be at risk of appropriation (such as stocks and stores). There are no incentives for officers to manipulate the revenues or assets of the Council.
19	Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	No
20	Could a false accounting entry escape detection? If so, how?	The potential for a false accounting entry to escape detection is considered to be very low due to the segregation of duties and compensating controls, reconciliations and review processes in place across all financial systems. A false accounting entry would require collusion between a number of officers across different teams and is therefore considered to be extremely unlikely.
21	Are there any external fraud risk factors, such as collection of revenues?	Payment systems are considered to present more risks as they are open to external risk factors like the bank mandate fraud.
22	Are you aware of any organisational or management pressure to meet financial or operating targets?	No
23	Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No pressure is being applied or incentives offered to meet financial or operating targets. Staff are paid in line with the national pay agreements. There are no bonus or incentive schemes available to staff. All senior officers within the Finance Team are members of professional bodies and bound by a code of ethics.

	Question	Management Response
24	What arrangements has the Council put in place in response to the Bribery Act 2010?	The Council has put in place guidance for Managers and Employees which is available on the Staff Portal.

Signed: Dated:

Kathy Roe
Director of Finance (Section 151 Officer)

Report To:	**AUDIT PANEL**
Date:	28 July 2020
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL TO JUNE 2020**
Report Summary:	To advise members of the work undertaken by the Risk Management and Audit Service between April and June 2020 and to comment on the results.
Recommendations:	That members note the report and the performance of the Service Unit for the period April to June 2020.
Links to Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the Borough Treasurer)**	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums and compensation payments to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: **(Authorised by the Borough Solicitor)**	Demonstrates compliance with the Accounts and Audit Regulations 2015 whilst demonstrating proper administration of the Council's affairs. Internal Audit when engaging and supporting individual operations need to evidence prudent management of affairs to secure economic, efficient and effective use of Council resources
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed.
Background Papers:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting: Telephone:0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 This is the first progress report for the current financial year and covers the period April to June 2020.

1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Audit Service during the first quarter of the year in respect of the approved Plan for 2020/21, which was presented to the Audit Panel on 10 March 2020.

2. RISK MANAGEMENT AND INSURANCE

2.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. The key priorities for the team during 2020/21 are: -

- To work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities and develop operational risk registers. A key priority will be to introduce a robust system of monitoring that risk registers are kept up to date and reported appropriately to officers and members.
- To facilitate the continued implementation of the Information Governance Framework, ensuring that the Council is compliant with all Data Protection legislation.
- To work with senior managers to ensure that Service Area/Units Business Continuity Plans are robust and fit for purpose and that Corporate Business Continuity Plan is regularly updated and reported to the Single Leadership Team. Work to produce a list of critical services needs to be finalised and regularly updated to support management in responding to a major incident. Once updated the plans will need to be tested and a methodology for determining how to introduce a testing regime for both service plans and the corporate plan will need to be devised.
- To work with STAR Procurement to procure Insurance Brokers and Legal Representatives to work with the Council's Insurers in defence of litigated claims.
- To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
- To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.
- To work with schools to ensure advice and support is provided.
- To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.

2.2 Work in Quarter 1 has concentrated on ensuring that the new insurance contract was finalised in light of the Coronavirus Pandemic which has severely affected the insurance industry and market. Advice and guidance has been provided across directorates to ensure insurance cover was in place as services adjusted to new ways of delivery. Work has also been undertaken in relation to School Trips as a significant number were affected by the pandemic and lockdown.

2.3 Work to update the Corporate Risk Register was undertaken and this was presented to the Audit Panel at the June meeting.

2.4 A number of Data Protection Impact Assessments have been undertaken during the period to ensure that all risks to personal data in relation to new projects and changes to existing processes are assessed to ensure compliance with GDPR and the Data Projection Act 2018. Mandatory training for Information Governance and Cyber Security has been monitored and the overall completion rate is now at 95%.

2.5 A Risk, Insurance and Information Governance Assistant joined the team in March just as the UK went into lockdown and we all started working at home. Considerable resource has been committed during quarter one to train and develop her into her new role in the virtual world.

2.6 The Risk, Insurance and Information Governance Manager commenced with the Council on 1 July 2020 and it has been agreed with the Assistant Director of Finance that a review of the risk management system in place will be his key priority.

3. INTERNAL AUDIT OVERVIEW

3.1 The Audit Plan approved on 10 March 2020 covered the period April 2020 to March 2021 and totalled 1,510 Days. This was made up of 1,200 days on planned audits and 310 days on reactive fraud work.

3.2 Table 1 below provides a summary of progress to 30 June 2020. The Table details the Planned Days, Profiled Days, Actual Days delivered at Quarter 1 and the Days to be delivered in Quarters 2 - 4. The actual days in total are 352, compared to profiled days of 339. **Appendix 1** provides a detailed breakdown of the 2020/21 Audit Plan and shows; the Auditable Area, Approved Audit Plan 2020/21, Profiled Days Quarter 1, Actual Days, Variance, Days to Deliver in Quarters 2 - 4, Status and Level of Assurance.

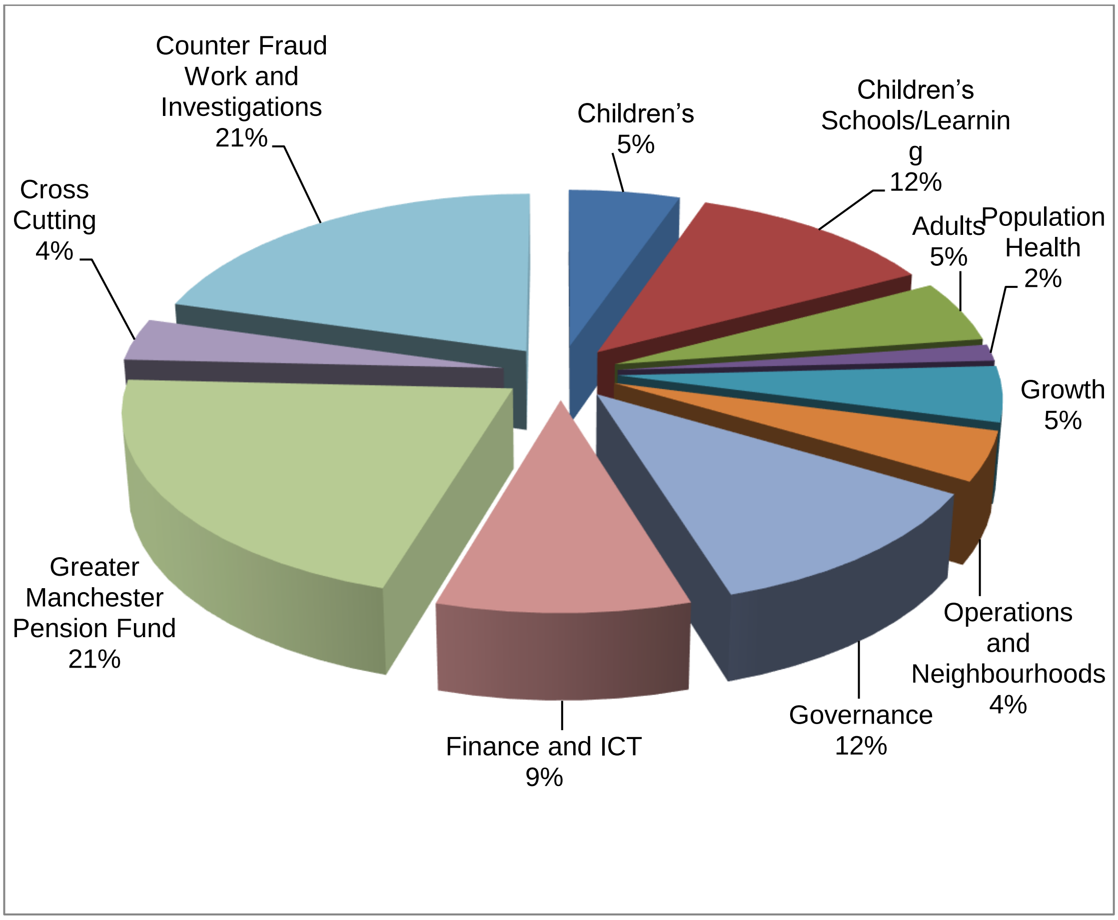
3.3 Planned work has continued during the Coronavirus Lockdown in most areas across the plan, as evidence required has been provided electronically and all meetings have been held virtually via Skype for Business. We have now managed to audit a school without having to undertake a site visit with a slightly revised audit programme and this methodology will be used going forward. Some audits planned for quarter 1, however, have not been completed due to the Pandemic/Lockdown and a review of the plan will be undertaken at the end of July when work on the business support grants has been completed.

3.4 The Pie Charts below present the plan for the year, the profiled plan for Quarter 1 and the actual days delivered to 30 June 2020.

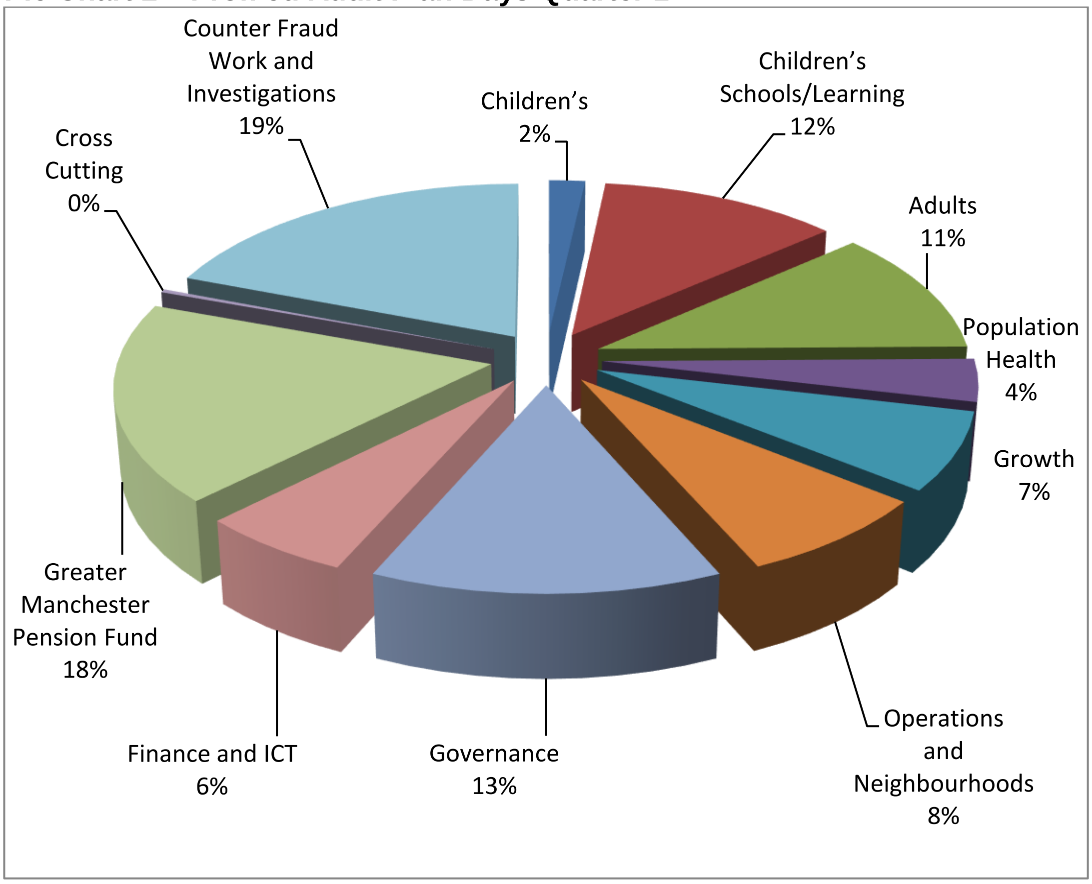
3.5 **Table 1 – Annual Audit Plan Summary 2020/21**

Service Area / Directorate	Approved Plan 2020/21	Quarter 1 Profiled Planned Days	Actual Days To June 2020	Variance Days to be Delivered in Q2 – Q4
Children's	80	6	6	74
Children's Schools/Learning	181	40	27	154
Adults	82	38	13	69
Population Health	22	13	1	21
Growth	74	24	55	19
Operations and Neighbourhoods	66	26	4	62
Governance	178	45	71	107
Finance and ICT	141	20	20	121
Greater Manchester Pension Fund	320	61	74	246
Crosscutting	56	1	1	55
Counter Fraud Work/Investigations	310	65	81	229
Total Planned Days for 2020/21	**1,510**	**339**	**352**	**1158**

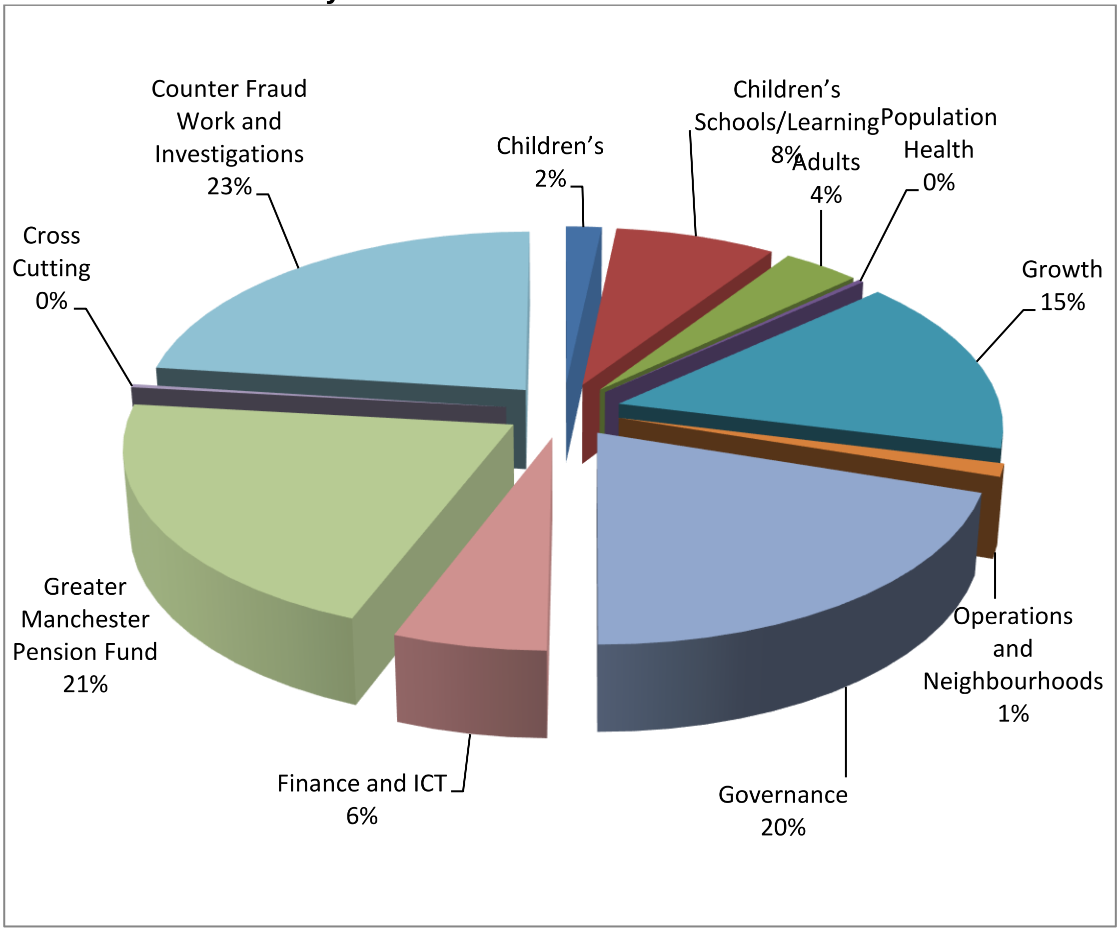
3.6 **Pie Chart 1 – Annual Audit Plan 2020/21**



3.7 **Pie Chart 2 – Profiled Audit Plan Days Quarter 1**



3.8 **Pie Chart 3 – Actual Days Delivered to 30 June 2020**



4. AUDIT ACTIVITY TO 30 JUNE 2020

4.1 During the first quarter of the year, three Final Reports were issued in relation to systems and risk based audits, the results of which are summarised in Table 2 below.

Table 2 – Final Reports System/Risk Based Audits 2020/21

Opinion	Number	%	Total To Date	Total for 2019/20
High	0	0	0	7 (6)
Medium	1	33	1	14 (3)
Low	2	67	2	5 (1)
Totals	**3**	**100**	**3**	**26 (10)**

Note: The figures in brackets relate to Final Reports issued for the Pension Fund.

4.2 In addition to the Final Reports issued above, seven Draft Reports have been issued for management review and responses and these will be reported to the Panel in due course.

4.3 Not all work undertaken by the team generates an audit opinion and several pieces of work undertaken in the period fall into this category:-

- Investigation Control Reports and follow Ups;
- GMPF Assurance Work (e.g. iConnect and Address Tracing Projects);
- Significant support has been provided to both Exchequer Services and Growth during the quarter in relation to the business support grants funded by the Government in response to COVID-19, to ensure that the application review processes implemented were robust and designed to minimise the likelihood of fraud;

- Support to Exchequer in the processing of COVID-19 Business Grants;
- Support to Growth in the processing of COVID-19 Discretionary Grants; and
- System Sign-Offs.

4.4 One Final Audit Report in relation to a School was issued during the period, the results of which are summarised in Table 3 below.

Table 3 – Final Reports Schools

Opinion	Number	%	Total To Date	Total for 2019/20
High	0	0	0	0
Medium	1	100	1	12
Low	0	0	0	1
Totals	**1**	**100**	**1**	**13**

4.5 In addition to the final reports issued above, six further audits have been completed and the Draft Reports have been issued to the Schools for management review and responses and they will be reported to the Panel in due course.

4.6 Post Audit Reviews are undertaken approximately six months after the Final Report has been issued, however, where a low level of assurance is issued the Post Audit Review is scheduled for three months to ensure that the issues identified are addressed. Nine Post Audit Reviews have been completed during the period and a summary of the Post Audit Reviews completed is presented in Table 4 below and details the number of recommendations implemented. The percentage rate of recommendations implemented is currently 95%. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented and there are no significant issues outstanding to report to the Panel. A further fourteen Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

4.7 **Table 4 – Post Audit Reviews – Recommendations Implemented**

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
St Christopher's RC Primary	10	10	100	
Information Incident – Adults	17	17	100	
Control Report – Tame Street	3	3	100	
Apprenticeship Levy	8	8	100	
Control Report – Youth Service	23	23	100	
Youth Service	30	29	97	The only outstanding recommendation related to data sharing and system access and will be reviewed by management.
VAT	15	14	93	The treatment of VAT in relation to Write-Offs was outstanding and will be addressed in 2020/21.
Bank Reconciliation Procedures	20	17	85	Recommendations relating to Age and Clearance of Offending Items together with Procedures notes were outstanding and management agreed to consider these during

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
				2020/21.
GMPF Visit to Sodexo	9	7	78	Outstanding issues relate to Contribution Bandings and Assumed Pensionable Pay
	135	**128**	**95**	

5. REVIEW OF INTERNAL AUDIT

5.1 The review of Internal Audit reported to the Audit Panel on 9 June 2020 highlighted that the service is fully compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS).

5.2 The standards require a Quality Assurance and Improvement Programme to be in place and this was presented and approved by the Audit Panel on 10 March 2020. The service developments listed in Table 5 below were included for 2020/21.

Table 5 – Service Developments 2020/21

Developments	Progress to Date
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function.	Due to capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance will be assessed during 2020/21 once the new post-holders are in place.
Consideration should be given to identifying the skills needed by the audit team to assist the Council with its current transformation programme and provide training and development opportunities to address any skills shortage.	Skills and training requirements are considered on an ongoing basis at Annual Development Reviews and supervisions and any gaps identified are addressed. All relevant webinars/workshops/training courses are discussed by management and disseminated to staff.
Do internal auditors maintain a record of their professional development and training activities?	Audit Staff keep a record of their training as part of their Annual Development Review and corporate training is recorded on the Me Learning System. An electronic training record is on the project plan as part of the self-service options being developed on the Payroll/HR System iTrent.
To review the Post Audit Review process to consider whether the use of the Audit Management system 'Galileo' can realise any further efficiencies in the process.	This project has been deferred until the latter part of the year.
To finalise the review of all corporate documents relating to fraud, bribery and corruption to ensure they are fit for purpose, seeking the appropriate approval and then consider how to effectively disseminate the information to members	This project is on hold until the Fraud Investigator currently on Maternity Leave returns in September 2020.

Developments	Progress to Date
and officers.	
To continue to work with the Assistant Director of Finance and the Deputy Chief Finance Officer (CCG) to develop a greater understanding of the Clinical Commissioning Group's services to develop an integrated service offering.	Work has been delayed due to the impact of the Coronavirus Pandemic.

6. ANNUAL GOVERNANCE STATEMENT 2019/20

6.1 The Draft Annual Governance Statement for 2019/20 is on the agenda as a separate item.

6.2 The Final Annual Governance Statement for 2019/20 will be presented to the Audit Panel in November 2020 as the deadlines have been deferred due to the Coronavirus Pandemic.

7 IRREGULARITIES/COUNTER FRAUD WORK

7.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach.

7.2 All investigations and assistance cases are reported to the Standards Panel on a regular basis for challenge and comment and where appropriate further guidance and direction is provided. Liaison with Legal Services takes place on a case by case basis.

7.3 Ongoing assistance cases can range from obtaining information for an investigating officer to actually undertaking some analysis work and providing evidence for the investigatory process. This work can range from analysing expenditure records, internet usage, identification of undeclared assets and assisting other organisations to progress their investigations.

7.4 The number of cases investigated during the period April to June 2020 is summarised in Table 6 below.

Table 6 – Investigations Undertaken from April to June 2020

Detail	No. of Cases
Cases B/Forward from 2019/20	8
Current Year Referrals	19
Total	**27**
Cases Closed	4
Cases Still under Investigation	23
Total	**27**
Assistance Cases	**12**

7.5 The above investigations can be categorised by fraud type as shown in the tables below. Table 7 details the cases brought forward from 2019/20 and Table 8 concentrates on the Business Support Grants referred to Internal Audit for review and assessment.

7.6 **Table 7 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £	Recovered To Date £	Annual Savings £
Adult Social Care	5	18,921	976	18,037
Misappropriation of Public Funds	2	44,281	2,370	N/A
Pension	1	5,644	Investigation Ongoing	
Total	**8**	**68,846**	**3,346**	**18,037**

7.7 **Table 8 – Investigation by Fraud Type – Grants to Businesses**

Fraud Type	No. of Cases	Estimated Value £	Still under Investigation £	Fraudulent Claims Paid £	Payments Stopped To Date £	Payments Released After Investigation £
Business Rate	12	120,000	40,000	40,000	40,000	N/A
Discretionary	7	46,000	5,000	0	26,000	15,000
Total	**19**	**166,000**	**45,000**	**40,000**	**66,000**	**15,000**

7.8 The fraudulent claims paid totalling £40,000 are being reviewed in conjunction with the Assistant Director of Exchequer and the Head of Legal to ensure a robust and cost effective recovery process is put in place. To date £9,924 has been recovered and returned to the Council's Bank Account. The challenge added by referring claims to the Fraud Investigator has prevented a further eight claims being paid totalling £66,000.

7.9 The data sets for the National Fraud Initiative (NFI) 2018 Exercise were investigated and the final results were reported to the Audit Panel on 9 June 2020. Preparations will soon be underway to uploaded the data sets in October required for the 2020 Exercise. Results should be available for investigation in Jan/Feb 2021 and updates will be provided to the Audit Panel as investigations are progressed.

7.10 The assessment against the National Fraud Strategy Fighting Fraud and Corruption Locally 2020 has been delayed as resources have been prioritised to work on the grant cases to provide feedback to both Exchequer and Growth so that timely and appropriate action can be taken.

8 NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES

8.1 NAFN exists to support members in their protection of the public purse and acts as an Intelligence Hub providing a single point of contact for members to acquire data and intelligence in support of investigations, enforcement action and debt collection. A breakdown of the membership is provided in Table 9 below: -

Table 9 – NAFN Membership

Member Type	June 2019	June 2020	Target	%	% Increase (Decrease)
Local Authorities	356	353	404*	87	3
Housing Associations	57	61	N/A	-	7
Other Public Bodies	15	18	N/A	-	20
Totals	**428**	**432**	**-**	**-**	**0.9**
Registered Users	12,040	13,575	N/A	-	12.8

**** Reduction in total number of local authorities (419) due to councils merging.***

8.2 Membership levels have increased for both housing associations and other public bodies. Local authority membership has risen in terms of percentage coverage but the actual number of members has declined because of continuing local authority mergers.

8.3 NAFN is the Single Point of Contact for all local authority communication data requests. The Introduction of the Investigatory Powers has provided NAFN with the opportunity to enter in to collaboration agreements with a range of other public bodies. This now includes the Pension Regulator and NHS Counter Fraud who are now members.

8.4 The number of requests received during Quarter 1 2020/21 as detailed in Table 10 below has significantly reduced overall by 28% from the same period in the previous year. We strongly believe that this significant reduction reflects the impact of COVID-19 on a range of central and local government services. However, it is clear that corporate Anti-Fraud and trading standards teams have focused on communications data requests again in response to fraud associated with the Government COVID-19 Business Grants.

8.5 **Table 10 – NAFN Requests Received**

Type of Request	**2020/21 Apr-Jun**	**2019/20 Apr-Jun**	**2019/20 Full Year**	**% Increase (Decrease)**
General Data Protection	5,017	7,239	31,294	(30)
Driver and Vehicle Licensing Agency	1,700	3,871	14,044	(30)
Investigatory Powers Act	335	128	1,725	161
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,303	2,916	11,638	(21)
Type B (Online)	30,412	40,800	174,474	(25)
Grand Total	**39,767**	**54,954**	**233,175**	**(28)**

8.6 Since March 2020, NAFN has been working very closely with Central Government including the Cabinet Office and the Business Energy and Industrial Strategy (BEIS) in response to COVID-19 business grant fraud. NAFN is also actively participating in a number of national working groups including the National Economic Crime Centre, Operation Etherin (Understanding the Threat Expert Panel) and the Fraud Advisory Panel.

8.7 NAFN intelligence officers are working collaboratively with the National Investigation Service (NATIS) reporting to BEIS in relation to business grant fraud. NAFN is proving an intelligence gathering role on behalf of its members to support this widespread fraud investigation.

9 RECOMMENDATION

9.1 As set out on the front of the report.

INTERNAL AUDIT PLAN 2020/21 - PROGRESS TO JUNE 2020

Auditable Area	Approved Audit Plan 2020/21	Profiled Days Q1
CHILDRENS		
Safeguarding	15.00	0.00
PAR - Control Report Electronic Signatures	1.50	1.50
Procurement of Placements for Children	20.00	0.00
Budgetary Control and Financial Management	0.00	0.00
PAR - Budgetary Control and Financial Management	2.00	1.00
Troubled Families	15.00	0.00
PAR - Troubled Families	1.50	1.50
Conference and Review Process	15.00	0.00
Planning and Control	6.00	1.50
Advice and Support	2.00	0.50
Post Audit Reviews	2.00	0.00
TOTAL FOR CHILDRENS	**80.00**	**6.00**
SCHOOLS/LEARNING		
Greenfield Primary and Nursery	6.00	0.00
Pinfold Primary and Nursery	6.00	0.00
Arundale Primary and Nursery	0.00	0.00
Arlies Primary and Nursery	6.00	0.00
Broadbent Fold Primary	6.00	6.00
Audenshaw Primary School	6.00	6.00
Russell Scott Primary	6.00	0.00
Livingstone Primary	6.00	0.00
Aldwyn Primary	6.00	0.00
Greswell Primary and Nursery	6.00	2.00
Hurst Knoll C E Primary	6.00	6.00
St Georges C E Primary - Hyde	0.00	0.00
St Pauls R C Primary and Nursery Hyde	6.00	0.00
St James R C Primary and Nursery Hattersley Hyde	6.00	6.00
St Marys R C Primary Denton	6.00	0.00
St Peters RC Primary and Nursery Stalybridge	6.00	0.00
St Stephens C E Primary Audenshaw	2.50	2.50
Canon Burrows C E Primary	0.00	0.00
Lady Of Mount Carmel	2.50	2.50
Mossley Hollins High	0.00	0.00
Hyde Community College	10.00	0.00
Oakdale (2 Sited School)	2.50	2.50
St. Georges C E Primary Mossley	6.00	0.00
Alder Community High School	8.00	0.00
PAR - Payroll - Schools	1.00	1.00
PAR - The Heys Primary School	1.50	0.00
PAR - St Christopher's R C Primary	0.50	0.00

Mossley Hollins High - Grant Assurance Work	2.00	0.00
Placements for Children with Special Education Needs	15.00	0.00
System Sign off - Music Service Speedadmin	0.00	0.00
Planning and Control	10.00	2.50
Advice and Support	12.00	3.00
Post Audit Review	23.50	0.00
TOTAL FOR SCHOOLS/LEARNING	**181.00**	**40.00**

ADULTS		
System Sign Off - Rosta System	0.50	0.50
Home Care	15.00	15.00
Contract Monitoring - Care Homes	15.00	15.00
Out Of Hours	15.00	0.00
Learning Disabilities Client Accounts	15.00	0.00
Nursing and Residential Home Contractual Arrangements-Payments	0.00	0.00
PAR - Locality Teams - Care Management	0.00	0.00
PAR - Information Incident	0.50	0.50
PAR - Homemaker Service	1.50	1.50
PAR - Control Report - Integrated Urgent Care Team	1.50	1.50
PAR - Investigation Security Incident	0.50	0.50
Planning and Control	5.00	1.50
Advice and Support	8.00	2.00
Post Audit Reviews	4.50	0.00
TOTAL FOR ADULTS	**82.00**	**38.00**

POPULATION HEALTH		
Active Tameside	0.00	0.00
Public Health - Contract Monitoring - Sexual Health	15.00	10.00
PAR - Health Visiting Service	1.00	1.00
Planning and Control	3.00	1.00
Advice and Support	1.00	0.50
Post Audit Reviews	2.00	0.00
TOTAL FOR POPULATION HEALTH	**22.00**	**12.50**

GROWTH		
Capital Projects - Education	0.00	0.00
Building Control	15.00	15.00
Advice - Discretionary Grant Fund	0.00	0.00
Processing Discretionary Grants	0.00	0.00
Disabled Facilities Grant	3.00	0.00
Monitoring of the Facilities Management Contract	15.00	0.00
Monitoring Of The Catering Contract	15.00	0.00
Hattersley Collaboration Agreement	0.00	0.00
PAR - Hattersley Collaboration Agreement	0.00	0.00
Hattersley Collaboration Agreement	5.00	5.00
Planning Process	0.00	0.00
Planning - System Sign Off	0.00	0.00
PAR - Section 106 Agreements, Developer Levy and Community Infrastructure Levy	2.00	2.00

Planning and Control	5.00	1.00
Advice and Support	6.00	1.50
Post Audit Reviews	8.00	0.00
TOTAL FOR GROWTH	**74.00**	**24.50**

OPERATIONS AND NEIGHBOURHOODS		
PAR - Stores and Stock Control	1.50	1.50
PAR - Control Report - Waste Services Tame Street Depot.	0.50	0.50
PAR - Control Report - Thefts at Tame Street - First Floor Offices	0.50	0.50
Tame Street Garage	15.00	15.00
System Sign Off - Accident Reporting System	4.00	0.00
PAR - Provision of the Integrated Transport Service	3.50	0.00
Welfare Rights - System Sign Off	5.00	5.00
Health and Safety	15.00	0.00
Local Authority Bus Subsidy Grant	2.00	0.00
PAR - Youth Service	0.00	0.00
PAR - Control Report - Youth Service - Unauthorised Use of a Vehicle and Equipment	0.50	0.50
Planning and Control	5.00	1.50
Advice and Support	5.00	1.50
Post Audit Reviews	8.50	0.00
TOTAL FOR OPERATIONS AND NEIGHBOURHOODS	**66.00**	**26.00**

GOVERNANCE		
PAR - Apprenticeship Levy	0.00	0.00
Registrars Financial Audit	4.00	0.00
Members Allowances - Publication	2.00	0.00
Control Report Information Security Incident	0.00	0.00
iTRENT Self Service	10.00	2.50
Procure to Pay System	15.00	0.00
Payroll System	15.00	0.00
Car Allowances Annual Review	2.00	2.00
Review of Bank Holiday Pay	0.00	0.00
Payroll - External Audit Checks	6.00	0.00
PAR - Liquid Logic	0.00	0.00
Determination and Recovery of Adult Service Care/Support Charges	1.00	1.00
Clients Financial Affairs - Deputyships and Appointeeships	15.00	15.00
Direct Payments	15.00	0.00
Award of Grants to Businesses	0.00	0.00
Processing Grants to Businesses	0.00	0.00
Review of Financial Systems - Housing Benefits	4.00	4.00
Deferred Payment Scheme	10.00	0.00
Capita System Review	10.00	0.00
Looked After Children's Health	0.00	0.00
ICS Data Checks	10.00	0.00
PAR - Social Media	0.00	0.00
Planning and Control	13.00	3.50
Advice and Support	26.00	6.75
Post Audit Reviews	20.00	10.00

TOTAL FOR GOVERNANCE	**178.00**	**44.75**
FINANCE		
Information Governance	15.00	0.00
Business Continuity	15.00	0.00
Review of Financial Systems - General Ledger	4.00	4.00
PAR - Bank Reconciliation Procedures	0.00	0.00
PAR - VAT	0.00	0.00
Fixed Asset Register - Sign Off	0.00	0.00
Fixed Asset Valuations	5.00	5.00
External Audit Checks - General Expenditure	1.00	1.00
External Audit Checks - General Expenditure	10.00	0.00
ICT Business Continuity and Disaster Recovery	19.00	0.00
PAR - Cyber Security Review/ISO 27001 Gap Analysis	0.00	0.00
Network Security	10.00	0.00
Access Control Management	10.00	0.00
Vulnerability Management	10.00	0.00
Cooperative Network Infrastructure (CNI)	10.00	5.00
Third Party Supplier Management	0.00	0.00
Planning and Control	10.00	2.75
Advice and Support	10.00	2.00
Post Audit Reviews	12.00	0.00
TOTAL FOR FINANCE	**141.00**	**19.75**
GREATER MANCHESTER PENSION FUND		
Altair - Administration to Payroll Upgrade	10.00	0.00
Debtors	15.00	0.20
Custodian Arrangements	15.00	0.00
Compliance Function	15.00	0.00
Control Report - Pension Overpayment	0.00	0.00
Control Report - Pension Overpayment	0.00	0.00
Fund Manager - Stone Harbor	15.00	0.00
Local Investments	15.00	0.00
Ill Health Insurance Arrangement	10.00	0.00
iConnect	15.00	15.00
Information Governance/GDPR	3.00	3.00
Irregularity Investigations	5.00	0.00
Pension Benefits Payable	15.00	15.00
Cyber Security Review	10.00	0.00
PAR - Visits to Contributing Bodies - Sodexo	1.00	1.00
PAR - Visits to Contributing Bodies - GMCA	1.00	1.00
Transfers Out	10.00	0.50
Retirement Process	11.00	6.00
Transfer of Assets to New Custodian	2.00	2.00
Visits to Contributing Bodies	75.00	0.50
Visit to Contributing Body - University of Bolton	0.70	0.70
Visit to Contributing Body - APS Global	0.90	0.90
Visits to Contributing Bodies - Liverpool Hope University	0.70	0.70
Visits to Contributing Bodies - University of Manchester	0.50	0.50
Planning and Control	20.00	5.00

Advice and Support - Pensions Global-All Service Units	25.00	6.25
Advice and Support - Target Address Tracing Project	0.00	0.00
Computer Audit Advice	10.00	2.50
Post Audit Reviews	19.20	0.00
TOTAL FOR PENSION FUND	**320.00**	**60.75**

CROSSCUTTING		
Audit of Final Accounts	10.00	0.00
Contingency for GMCA - Grant Assurance Work	10.00	0.00
Rochdale STAR Audit - New Supplier Set Up	0.00	0.00
Procurement Work - STAR	20.00	1.00
Recruitment and Selection (incl. Interims)	15.00	0.30
Planning, Advice and Support	1.00	0.00
TOTAL FOR CROSSCUTTING	**56.00**	**1.30**

TOTAL PLANNED DAYS 2020/21	**1,200.00**	**273.55**

COUNTER FRAUD AND INVESTIGATIONS	**310.00**	**65.00**

TOTAL AUDIT DAYS FOR 2020/21	**1,510.00**	**338.55**

APPENDIX 1

Actual Days June 2020	Variance	Days to Deliver in Q2 - Q4	Status	Level of Assurance
0.00	0.00	15.00		
1.00	-0.50	0.50	Work in Progress	
0.00	0.00	20.00		
1.00	1.00	-1.00	Final Report Issued	Low
1.00	0.00	1.00	Work in Progress	
0.00	0.00	15.00		
1.00	-0.50	0.50	Work in Progress	
0.00	0.00	15.00		
2.20	0.70	3.80	Ongoing	
0.00	-0.50	2.00	Ongoing	
0.00	0.00	2.00	Allocated when Required	
6.20	**0.20**	**73.80**		
0.00	0.00	6.00		
0.00	0.00	6.00		
0.14	0.14	-0.14	Final Report Issued	Medium
0.00	0.00	6.00		
0.00	-6.00	6.00		
6.26	0.26	-0.26	Work in Progress	
0.00	0.00	6.00		
0.00	0.00	6.00		
0.00	0.00	6.00		
2.03	0.03	3.97	Draft Report Issued	
0.00	-6.00	6.00		
1.74	1.74	-1.74	Draft Report Issued	
0.00	0.00	6.00		
0.00	-6.00	6.00		
0.00	0.00	6.00		
0.00	0.00	6.00		
0.69	-1.81	1.81	Draft Report Issued	
1.42	1.42	-1.42	Draft Report Issued	
1.71	-0.79	0.79	Draft Report Issued	
0.00	0.00	0.00		
0.00	0.00	10.00		
3.10	0.60	-0.60	Draft Report Issued	
0.00	0.00	6.00		
0.00	0.00	8.00		
0.42	-0.58	0.58	Work in Progress	
0.00	0.00	1.50		
0.00	0.00	0.50	Completed	

0.00	0.00	2.00		
0.00	0.00	15.00		
1.35	1.35	-1.35	Work in Progress	
6.03	3.53	3.97	Ongoing	
2.17	-0.83	9.83	Ongoing	
0.00	0.00	23.50	Allocated when Required	
27.06	**-12.94**	**153.94**		
0.03	-0.47	0.47	Work in Progress	
0.00	-15.00	15.00		
6.33	-8.67	8.67	Work in Progress	
0.00	0.00	15.00		
0.00	0.00	15.00		
2.44	2.44	-2.44	Work in Progress	
0.10	0.10	-0.10	Work in Progress	
0.56	0.06	-0.06	Completed	
0.59	-0.91	0.91	Work in Progress	
0.00	-1.50	1.50		
0.28	-0.22	0.22	Work in Progress	
0.95	-0.55	4.05	Ongoing	
1.39	-0.61	6.61	Ongoing	
0.00	0.00	4.50	Allocated when Required	
12.67	**-25.33**	**69.33**		
0.22	0.22	-0.22	Draft Report Issued	
0.00	-10.00	15.00		
0.14	-0.86	0.86	Work in Progress	
0.30	-0.70	2.70	Ongoing	
0.00	-0.50	1.00	Ongoing	
0.00	0.00	2.00	Allocated when Required	
0.66	**-11.84**	**21.34**		
1.20	1.20	-1.20	Draft Report Issued	
0.00	-15.00	15.00		
13.90	13.90	-13.90	Work in Progress	
24.06	24.06	-24.06	Work in Progress	
0.00	0.00	3.00		
0.00	0.00	15.00		
0.00	0.00	15.00		
3.84	3.84	-3.84	Work in Progress	
0.76	0.76	-0.76	Work in Progress	
0.24	-4.76	4.76	Work in Progress	
0.76	0.76	-0.76	Final Report issued	Medium
8.74	8.74	-8.74	Completed	
0.30	-1.70	1.70	Work in Progress	

1.08	0.08	3.92	Ongoing	
0.14	-1.36	5.86	Ongoing	
0.00	0.00	8.00	Allocated when Required	
55.02	**30.52**	**18.98**		

0.48	-1.02	1.02	Work in Progress	
0.00	-0.50	0.50	Work in Progress	
0.56	0.06	-0.06	Completed	
0.00	-15.00	15.00		
0.00	0.00	4.00		
0.07	0.07	3.43	Suspended - Capacity Issues	
0.00	-5.00	5.00		
0.00	0.00	15.00		
0.00	0.00	2.00		
0.63	0.63	-0.63	Completed	
0.56	0.06	-0.06	Completed	
1.24	-0.26	3.76	Ongoing	
0.10	-1.40	4.90	Ongoing	
0.00	0.00	8.50	Allocated when Required	
3.64	**-22.36**	**62.36**		

1.39	1.39	-1.39	Completed	
0.00	0.00	4.00		
0.00	0.00	2.00		
0.00	0.00	0.00		
1.81	-0.69	8.19	Work in Progress	
0.00	0.00	15.00		
0.00	0.00	15.00		
0.00	-2.00	2.00		
0.00	0.00	0.00	Final Report Issued	
0.00	0.00	6.00		
0.00	0.00	0.00		
0.42	-0.58	0.58	Final Report Issued	Low
0.00	-15.00	15.00		
0.00	0.00	15.00		
7.19	7.19	-7.19	Ongoing	
44.79	44.79	-44.79	Completed	
4.20	0.20	-0.20	Work in Progress	
1.88	1.88	8.12	Work in Progress	
0.00	0.00	10.00		
0.28	0.28	-0.28	Draft Report Issued	
0.00	0.00	10.00		
0.00	0.00	0.00		
3.67	0.17	9.33	Ongoing	
5.38	-1.37	20.62	Ongoing	
0.00	-10.00	20.00	Allocated when Required	

71.01	**26.26**	**106.99**		

0.00	0.00	15.00		
0.00	0.00	15.00		
8.12	4.12	-4.12	Work in Progress	
2.04	2.04	-2.04	Completed	
0.10	0.10	-0.10	Completed	
0.42	0.42	-0.42	Completed	
0.00	-5.00	5.00	Work Undertaken in Service	
0.10	-0.90	0.90	Completed	
0.00	0.00	10.00		
0.00	0.00	19.00		
1.11	1.11	-1.11	Work in Progress	
0.00	0.00	10.00		
0.00	0.00	10.00		
0.00	0.00	10.00		
4.25	-0.75	5.75	Work in Progress	
0.56	0.56	-0.56	Draft Report Issued	
2.60	-0.15	7.40	Ongoing	
0.28	-1.72	9.72	Ongoing	
0.00	0.00	12.00	Allocated when Required	
19.58	**-0.17**	**121.42**		

0.00	0.00	10.00		
0.14	-0.06	14.86		
0.00	0.00	15.00		
0.00	0.00	15.00		
0.28	0.28	-0.28	Cancelled picked up in Audit	
0.28	0.28	-0.28	Cancelled picked up in Audit	
0.00	0.00	15.00		
0.00	0.00	15.00		
0.00	0.00	10.00		
24.70	9.70	-9.70	Work In Progress	
13.51	10.51	-10.51	Work In Progress	
0.00	0.00	5.00	Allocated when Required	
12.26	-2.74	2.74	Work In Progress	
0.00	0.00	10.00		
1.57	0.57	-0.57	Completed	
0.69	-0.31	0.31	Work In Progress	
0.07	-0.43	9.93	Work In Progress	
5.57	-0.43	5.43	Work In Progress	
0.42	-1.58	1.58	Work In Progress	
0.21	-0.29	74.79	Allocated when Required	
0.76	0.06	-0.06	Draft Report Issued	
0.00	-0.90	0.90	Final Report Issued	High
0.00	-0.70	0.70	Final Report Issued	High
0.35	-0.15	0.15	Draft Report Issued	
3.54	-1.46	16.46	Ongoing	

6.15	-0.10	18.85	Ongoing	
1.51	1.51	-1.51	Completed	
1.78	-0.72	8.22	Ongoing	
0.00	0.00	19.20	Allocated when Required	
73.79	**13.04**	**246.21**		
0.00	0.00	10.00		
0.00	0.00	10.00		
1.01	1.01	-1.01	Draft Report Issued	
0.00	-1.00	20.00		
0.28	-0.02	14.72		
0.00	0.00	1.00		
1.29	**-0.01**	**54.71**		
270.92	**-2.63**	**929.08**		
80.65	**15.65**	**229.35**		
351.57	**13.02**	**1,158.43**		

Report To:	**AUDIT PANEL**
Date:	28 July 2020
Executive Member / Reporting Officer:	Cllr Ryan – Executive Member (Finance and Economic Growth) Dr Ash Ramachandra – Lead Clinical GP Kathy Roe – Director of Finance
Subject:	**STRATEGIC COMMISSION AND NHS TAMESIDE AND GLOSSOP INTEGRATED CARE FOUNDATION TRUST FINANCE REPORT:** **1. CONSOLIDATED 2019/20 REVENUE MONITORING STATEMENT AT 31 MARCH 2020** **2. CAPITAL PROGRAMME OUTTURN REPORT 2019/20** **3. FORWARD LOOK 2020/21 FINANCIAL POSITION**
Report Summary:	For the 2019/20 financial year the Integrated Commissioning Fund has spent £619,675k, against a net budget of £619,662k. Further detail is set out in **Appendix 1.** The small overspend of £13k on Council budgets will be met from general reserves. Delivery of the budget has only been possible as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off income, and a planned use of £9.3m of Council Reserves. It should be noted that significant overspends are included in the overall position across a number of service areas, including Children's Services which has spent £8.4m in excess of budget. This and other pressures will continue into 2020/21. **Appendix 2** sets out the Capital Programme Outturn for 2019/20 and provides a forward look to the financing of the 2020/21 Programme. The existing 2020/21 programme is dependent on the realisation of planned capital receipts. The current and forecast economic conditions means there is an increased risk that capital receipts may not be achieved or that values are diminished. If additional capital receipts cannot be realised, there is a risk that the Capital Programme is not financially sustainable. **Appendix 3** includes an initial forward look at the financial position for 2020/21, taking account of the potential impacts of COVID-19 and the underlying financial pressures within the 2019/20 outturn position. The Strategic Commission entered 2020/21 with an existing budget gap which increased significantly over the next five years. Initial modelling of the expenditure and income pressures arising from COVID-19, both in 20/21 and future years, suggest the Strategic Commission faces significant questions about financial sustainability, particularly for Council budgets.

Recommendations:	Members are recommended to : 1. Note the overall outturn position for 2019/20 as set out in A**ppendix 1**. Whilst the overall position for 2019/20 is in line with budget, this includes several significant one-off savings and additional income sources. The budget was also set assuming the use of £9.3m of Council Reserves. 2. Note the Capital outturn position and financing for 2019/20, and the capital financing risks for 20/21 and beyond as set out in A**ppendix 2**. 3. Note the potential financial scenarios and risks for 2020/21 and beyond as set out in part 3 and A**ppendix 3** to this report.
Corporate Plan:	Budget is allocated in accordance with the Community Strategy
Policy Implications:	Budget is allocated in accordance with Council Policy
Financial Implications: **(Authorised by the Section 151 Officer & Chief Finance Officer)**	For the 2019/20 financial year the Integrated Commissioning Fund has spent £619,675k, against a net budget of £619,662k. The small overspend of £13k on Council budgets will be met from general reserves. Delivery of the budget has only been possible as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off income, and a planned use of £9.3m of Council Reserves. It should be noted that significant overspends are included in the overall position across a number of service areas, including Children's Services which has spent £8.4m in excess of budget. This and other pressures will continue into 2020/21. The report considers potential scenarios for the 2020/21 budget and beyond, taking in to account the potential impact of COVID-19 and underlying financial pressures. There remains a significant degree of uncertainty over the financial impact of COVID-19, and whilst some additional government funding has been provided, initial indications are that this is far from sufficient to cover the additional costs and significant loss of income resulting from the pandemic. It should be noted that the Integrated Commissioning Fund (ICF) for the Strategic Commission is bound by the terms within the Section 75 and associated Financial Framework agreements.
Legal Implications: **(Authorised by the Borough Solicitor)**	Back in December, CIFA published the Resilience Index showing, https://www.cipfa.org/services/financial-resilience-index/financial-resilience that despite many years of financial strain, the majority of local authorities have found ways to maintain resilient positions. But this track record must not lead to complacency by government regarding this new and unprecedented challenge. Cipfa has been urging the government not to underestimate the severity of the financial impact this

	crisis is likely to have, and to be fully aware of the scale of the challenge faced by all public services beyond the NHS. Councils may need to borrow in order to fund services – government should be underwriting what is needed to keep councils solvent. Despite the fact that councils have been able to maintain resilient financial positions amid deep budget cuts, the absence of a long-term funding solution already implied that this position will not be sustainable for the future. But now we face a financial tsunami of reduced income and increased cost. It is also a well-known fact that local government is already struggling under the pressures of social care, with most councils already significantly overspending on budgets due to increasing levels of demand. These pressures exist regardless of the additional strains that will come as a result of the outbreak. We need to have a close eye on the budget as it is clear we will not be funded to deal with the full impacts of covid and we still are obligated by law to deliver a balanced budget.
Risk Management:	Associated details are specified within the presentation. Failure to properly manage and monitor the Strategic Commission's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position. Demand for capital resources exceeds availability and it is essential that those leading projects ensure that the management of each scheme is able to deliver them on plan and within the allocated budget. Close monitoring of capital expenditure on each scheme and the resources available to fund capital expenditure is essential and is an integral part of the financial planning process. We continue to experience significant delays to a number of projects, resulting in slippage in the programme. There is very limited contingency funding set aside for capital schemes, and any significant variation in capital expenditure and resources, particularly the delivery of capital receipts, will have implications for future revenue budgets or the viability of future capital schemes.
Background Papers:	Background papers relating to this report can be inspected by contacting : Tom Wilkinson, Assistant Director of Finance, Tameside Metropolitan Borough Council

Telephone:0161 342 5609

e-mail: tom.wilkinson@tameside.gov.uk

Tracey Simpson, Deputy Chief Finance Officer, Tameside and Glossop Clinical Commissioning Group

Telephone:0161 342 5626

e-mail: tracey.simpson@nhs.net

1. BACKGROUND

1.1 This report aims to provide an overview on the financial position of the Tameside and Glossop economy in 2019/20 at the 31 March 2020. Supporting details for the whole economy are provided in **Appendix 1.**

1.2 The report includes the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total gross revenue budget value of the ICF for 2019/20 is £949 million.

1.3 It should be noted that the report also includes details of the financial position of the Tameside and Glossop Integrated Care NHS Foundation Trust. This is to ensure members have an awareness of the overall Tameside and Glossop economy position. Reference to Glossop solely relates to health service expenditure as Council services for Glossop are the responsibility of Derbyshire County Council.

1.4 Please note that any reference throughout this report to the Tameside and Glossop economy refers to the three partner organisations namely:

- Tameside and Glossop Integrated Care NHS Foundation Trust (ICFT)
- NHS Tameside and Glossop CCG (CCG)
- Tameside Metropolitan Borough Council (TMBC)

2. FINANCIAL SUMMARY

Revenue Budgets 2019/20

2.1 For the 2019/20 financial year the Integrated Commissioning Fund has spent £619,675k, against a net budget of £619,662k. The small overspend of £13k on Council budgets will be met from general reserves. Delivery of the budget has only been possible as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off income. It should be noted that significant overspends are included in the overall position across a number of service areas, including Children's Services which has spent £8.4m in excess of budget. This and other pressures will continue into 2020/21. Further detail is included at **Appendix 1.**

Capital Programme 2019/20

2.2 The approved Capital Programme budget for 2019/20 is £42.013m. Service areas have spent £37.341m on capital investment in 2019/20, which is £4.672m less than the capital budget for the year. This variation is spread across a number of areas, and is made up of a number of over/underspends on a number of specific schemes (£0.673m) less the re-phasing of expenditure in some other areas (£5.344m). There are additional schemes that have been identified as a priority for the Council, and, where available, capital resource has been earmarked against these schemes, which will be added to the Capital Programme and future detailed monitoring reports once satisfactory business cases have been approved by Executive Cabinet. Further detail is included at **Appendix 2.**

2.3 The Capital Programme for 2020/21 and beyond is summarised in **Appendix 2.** After the financing of expenditure in 2019/20 the Council is holding a balance of £14.593m in the Capital Investment Reserve to fund the £18.792m of budgeted schemes that require corporate funding. Delivery of the Capital Programme is now therefore highly dependent on the realisation of planned Capital Receipts. The current COVID-19 pandemic increases the risk that Capital receipts will either not be achievable or that values will be diminished, putting the delivery of Capital Investment objectives at risk.

3. FINANCIAL OUTLOOK 2020/21

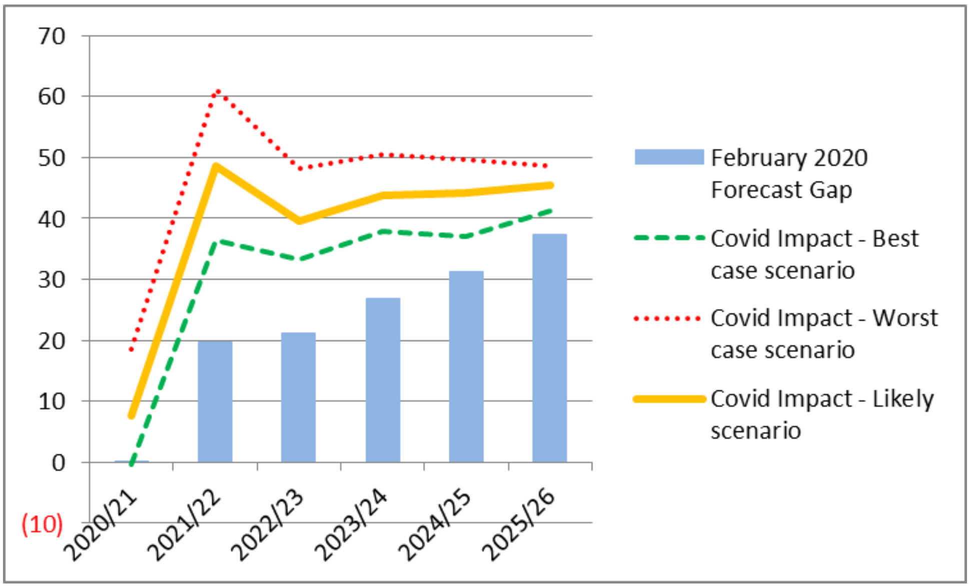
3.1 The COVID-19 pandemic is unprecedented and whilst its impact on local public service delivery is clearly significant, the full scale and extent of the health, socio-economic and financial impact is not yet fully understood. The immediate demands placed on local service delivery will result in significant additional costs across the economy, and the economic impact is expected to have significant repercussions for our populations, resulting in losses of income for the Council across a number of areas, potentially for a number of years. Whilst the immediate focus is quite rightly to manage and minimise the impact of the virus on public health, the longer term financial implications and scenarios do need to be considered.

3.2 **Appendix 3** sets out further detail on the forecast financial impact and financial issues facing the Strategic Commission as a result of COVID-19. There are significant risks facing the CCG as NHS England & Improvement endeavour to manage the impact of COVID-19 on the NHS in a 'command and control' style of leadership. CCGs are being told what values to pay providers based on a month 9 position, which included considerable non recurrent funding that the CCG no longer has included within budgets. This is being stringently monitored and the risks highlighted to GM Health and Social Care Partnership.

3.3 There is also likely to be a significant financial shock to the Council's current revenue budget, on-going financial sustainability and balance sheet. Significant additional costs are being incurred as the Council responds to the pandemic, and there will be a significant reduction in income levels to the Council in 2020/21 and potentially into future years. Whilst Government have stepped in and provided additional funding, this is already insufficient to support the financial impact of the crisis on the Council's finances.

3.4 It remains difficult to accurately establish the financial impact of the pandemic at this early stage. The full extent of additional service demands and costs are being captured, but the longer term impacts can only be forecast. Similarly, the longer term impacts on income sources can be estimated but with varying degrees of accuracy as the economic consequences of COVID-19 are currently speculative. Initial analysis of the potential financial impacts using a best, worst and likely scenario concludes that the likely financial impact will be significant both in the current and future financial years, with a likely shortfall in 20/21 of over £7m, increasing to £48m in 21/22 as the full impact of lost income has a delayed impact.

Potential Financial Impact of COVID-19:

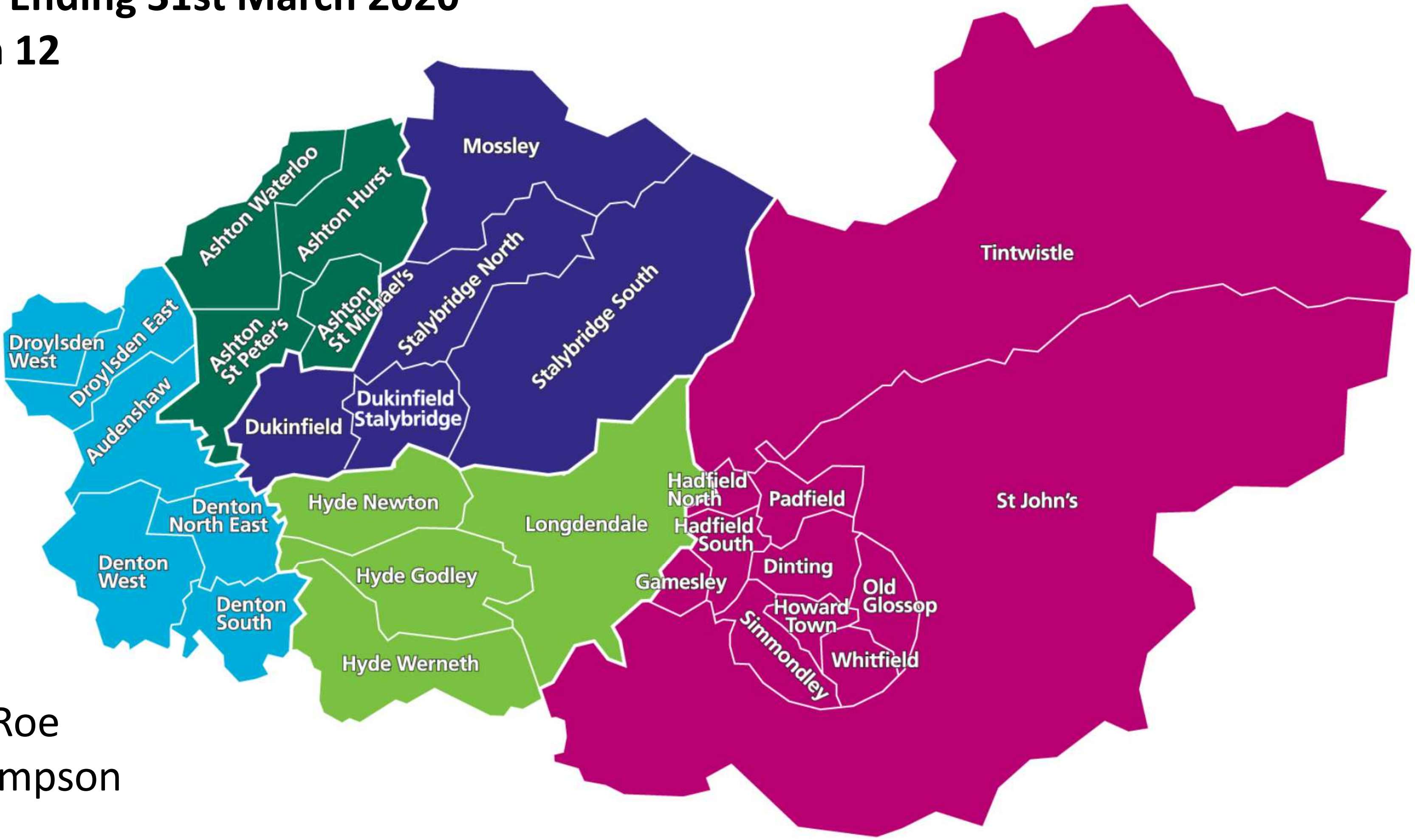


4. RECOMMENDATIONS

4.1 As stated on the front cover of the report.

Tameside and Glossop Integrated Financial Position
financial monitoring statements

Period Ending 31st March 2020
Month 12



Kathy Roe
Sam Simpson

Period Ending 31st March 2020

Integrated Financial Position Summary Report

This report covers all spend at Tameside & Glossop Clinical Commissioning Group (CCG), Tameside Metropolitan Borough Council (TMBC) and Tameside & Glossop Integrated Care Foundation Trust (ICFT) . It does not capture any Local Authority spend from Derbyshire County Council or High Peak Borough Council for the residents of Glossop.

Tameside & Glossop Integrated Economy Wide Financial Position

ICFT Position

Against agreed control total deficit of £5,686k, delivered a favourable variance of £225k.

Position includes £952k spend on COVID-19 related costs.

CCG Position

Planned surplus of £8,777k delivered. Position includes £546k M12 allocation for COVID-19 related costs.

TMBC Position

An outturn position of £0.013m in excess of budget, on gross expenditure of £526 million.

Message from the Directors of Finance

In this final integrated finance report of 2019/20, it is perhaps worth taking a moment to reflect upon financial performance over the last 12 months. In reports written at the start of the year, we were forecasting a combined over spend of £5.5m.

Through the hard work of operational and finance teams, working together in an integrated way across organisational boundaries, we have been able to address the in-year financial challenge. The Council has delivered a balanced budget, the CCG has met its financial control total and the ICFT has remained within and delivered a £225k favourable variance against the authorised deficit position.

There are clear and justifiable reasons to celebrate our success in delivering the financial position this year. However, it must also be noted that many of the savings were only delivered non recurrently, that spend in a number of areas significantly exceeds budget; And that use of reserves was required to balance local authority budgets.

Therefore we will carry forward a significant financial challenge into 2020/21, which will be further compounded by pressures and uncertainty of the COVID-19 crisis. Whilst the immediate impact of the pandemic is significant, at present this is supported by additional funding from Government. The scale of recovery, and longer term health, social and economic implications are uncertain but expected to be significant, including significant loss of income from strategic investments, Council Tax, Business Rates and other income sources.

While it is inevitable that significant operational and management capacity is focused on our COVID-19 response at this difficult time. The underlying financial challenge remains and we cannot set aside prudent financial management or delivery of a balanced financial position. As such proposed savings schemes will continue to be scrutinised through our internal governance process and regular updates will be provided as part of the integrated finance report throughout the year.

	Outturn Position			Variance	
	Budget	Outturn	Variance	Previous Month	Movement in Month
CCG Expenditure	422,859	422,859	(0)	(0)	0
TMBC Expenditure	196,803	196,816	(13)	(28)	15
Integrated Commissioning Fund	**619,662**	**619,675**	**(13)**	**(28)**	**15**
ICFT - post PSF Agreed Deficit	(5,686)	(5,686)	0	0	0
Economy Wide In Year Deficit	**(5,686)**	**(5,699)**	**(13)**	**(28)**	**15**

Tameside & Glossop Integrated Commissioning Fund

For the 2019/20 financial year the Integrated Commissioning Fund has spent £619,675k, against a net budget of £619,662k. The small overspend of £13k on Council budgets will be met from general reserves. Delivery of the budget has only been possible as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off income. It should be noted that significant overspends are included in the overall position across a number of service areas, including Children's Services which has spent £8.4m in excess of budget. This and other pressures will continue into 2020/21.

	Year End Position					Net Variance	
Forecast Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance	Previous Month	Movement in Month
Acute	214,965	0	214,965	217,116	(2,151)	(1,225)	(925)
Mental Health	39,705	0	39,705	40,106	(400)	(763)	363
Primary Care	84,805	0	84,805	84,526	279	307	(28)
Continuing Care	15,523	0	15,523	15,087	437	417	20
Community	32,882	0	32,882	32,791	91	28	62
Other CCG	29,566	0	29,566	28,870	696	1,236	(540)
CCG TEP Shortfall (QIPP)	0	0	0	0	0	0	0
CCG Running Costs	5,413	0	5,413	4,365	1,048	(0)	1,048
Adults	84,285	(45,916)	38,369	39,321	(952)	(652)	(300)
Children's Services	53,686	(5,253)	48,432	56,836	(8,404)	(8,353)	(51)
Education	28,930	(22,916)	6,014	6,051	(37)	(193)	156
Individual Schools Budgets	116,822	(116,822)	0	0	(0)	0	(0)
Population Health	16,262	(170)	16,092	16,259	(167)	(235)	68
Operations and Neighbourhoods	78,840	(28,213)	50,627	51,170	(543)	451	(994)
Growth	40,241	(33,928)	6,313	6,916	(604)	(135)	(469)
Governance	74,183	(64,926)	9,257	8,835	421	484	(62)
Finance & IT	9,188	(2,024)	7,164	5,152	2,012	722	1,290
Quality and Safeguarding	440	(304)	136	136	0	(0)	0
Capital and Financing	13,533	(7,986)	5,548	1,262	4,285	3,385	901
Contingency	4,106	(235)	3,871	127	3,744	4,332	(588)
Corporate Costs	5,673	(692)	4,981	4,751	230	166	64
Integrated Commissioning Fund	**949,048**	**(329,385)**	**619,662**	**619,675**	**(13)**	**(28)**	**15**

Tameside & Glossop Integrated Commissioning Fund

Outturn Position £000's	Outturn Position					Net Variance	
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance	Previous Month	Movement in Month
CCG Expenditure	422,859	0	422,859	422,859	(0)	(0)	0
TMBC Expenditure	526,188	(329,385)	196,803	196,815	(13)	(28)	15
Integrated Commissioning Fund	**949,048**	**(329,385)**	**619,662**	**619,675**	**(13)**	**(28)**	**15**
A: Section 75 Services	375,274	(45,144)	330,129	330,802	(673)	115	(788)
B: Aligned Services	350,608	(100,178)	250,431	253,999	(3,569)	34,038	(37,607)
C: In Collaboration Services	223,166	(184,063)	39,103	34,873	4,229	(34,181)	38,410
Integrated Commissioning Fund	**949,048**	**(329,385)**	**619,662**	**619,675**	**(13)**	**(28)**	**15**

Children's Services (£8,404k)

The final outturn position for Children's Social Care is an overspend of £8.4m against an approved net budget of £48.4m. This level of overspend has been forecast since month 9 and is due to a combination of Looked After Children (LAC) numbers exceeding forecasts and additional placement costs. The LAC population has been relatively stable over the last 6 months, standing at 704 on 3 April 2020 (700 at period 6).

In seeking to address these issues, work is actively under way to implement the Looked After Placement Sufficiency Plan, focusing on improvements across strategic commissioning, placement procurement and brokerage, contract management and quality assurance. Alongside this, the Placement and Permanence panel is individually reviewing each placement.

On 27 November 2019, the Executive Cabinet approved additional investment of £ 2.2 million (£ 1.9m via the Council, £ 0.3m via the CCG) to support 7 key Looked After Sustainability projects. These projects are all designed to more effectively and efficiently support children and families at the earliest point and include Early Help . They take a multi-faceted and coordinated approach, in order to safely and appropriately reduce the need for Local Authority Care. To stabilise the current cohort, progress children's through to permanency more effectively, step children down where appropriate and provide for a range of placements to best meet children's assessed needs.

All projects are now in train and making positive progress. Each strand is subject to regular corporate oversight and a Local Authority wide approach is being taken to ensure that they remain on track.

Tameside & Glossop Integrated Commissioning Fund

Adults £952k

The adverse outturn variation is primarily due to delays in the delivery of £770k planned savings initiatives. Alongside this, there were a number of variations on income and expenditure relating to placements and packages within care homes, home care, mental health and day services provision. Expenditure on long term support exceeded budget provision together with reduced levels of housing benefit for related service provision.
The variations and savings plans are now being urgently reviewed to assess the impact for 2020/21.

Acute £2,151k

Spend on Acute services was £925k higher at the end at year end than in the M11 forecast.

In line with COVID-19 advice, fixed and final positions have been agreed with associate NHS providers based on M9 straight line outturn positions. Because of high cost critical care patients earlier in the year this has created pressure versus our forecast position last month.

Activity with Independent sector providers has significantly increased over recent years, contributing to the reported overspend against this directorate. Additional demand for cataract surgery and increased capacity in Trauma & Orthopaedics, required to address Referral to Treatment demands are the primary drivers of this pressure.

Prescribing

We have reported the QIPP target of £1.5m as fully achieved at M12. It should be noted that as the year end position was finalised only 10 months of prescribing data was available.

Our forecast position includes an allowance for increased NCSO (No cheaper stock obtainable) prices and early collection of repeat prescriptions as a result of COVID-19. These have been calculated using the best information available to us, but we recognise there is significant uncertainty around the impact of this, which may result in either a cross year pressure or benefit in 2020/21.

Growth £604k

A net overspend of £604k due to shortfalls in income, particularly for Estates and Building Control and other cost pressures. Building running costs have exceeded budget, particularly for gas and electricity. Additional costs have been incurred on keeping surplus property open for longer than anticipated, and there are shortfalls in commercial rental income due to incentive arrangements in early years.

Finance & IT, Contingency, Capital & Financing

Significant favourable variances across these areas have resulted from a number of one-off savings or additional sources of income. Within finance, the results of the insurance actuarial valuation in February 2020 have enabled the release of some provisions and reserves. In Capital & Financing, additional airport dividend of £2.4m in excess of budget has been received – this is not expected in future years. Contingency budgets have been released and offset overspends across other areas.

Operations & Neighbourhoods £543k

Despite some significant savings on levies and staffing costs, the service has exceeded budget overall by £543k. This is due to a number of pressures including income shortfalls in car parking and markets, additional costs on hospital car parks, additional street lighting maintenance costs due to delays on the LED replacement scheme, and additional staff costs charged to revenue due to slippage on capital works.

Tameside & Glossop Integrated Care Foundation Trust Position

Financial performance metric	Month 12			Outturn			Annual
	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)
Normalised Surplus/(Deficit) before PSF & FRF*	(£1,566)	(£1,350)	£216	(£25,220)	(£24,995)	£225	(£25,220)
COVID-19 Annual Leave	£0	£241	£241	£0	£241	£241	£0
Normalised Surplus/(Deficit) before PSF & FRF	(£1,566)	(£1,591)	(£25)	(£25,220)	(£25,235)	(£15)	(£25,220)
Core PSF	£553	£553	£0	£4,727	£4,727	£0	£4,727
Core FRF	£1,729	£1,729	£0	£14,807	£14,807	£0	£14,807
Surplus/(Deficit) post Core PSF/ FRF	£716	£691	(£25)	(£5,686)	(£5,701)	(£15)	(£5,686)
Incentive FRF (Deficit Reduction)				£5,686	£5,751	£65	
Surplus/(Deficit) post Core and Incentive PSF/FRF				(£0)	£50	£50	
Capital Expenditure	£781	£1,810	£1,029	£4,352	£4,265	(£87)	£4,352
Cash and Equivalents			£1,220				£1,220
Trust Efficiency Savings	£1,176	£1,234	£56	£11,580	£11,832	£252	£11,580
Use of Resources Metric	3	3		3	3		3

* Financial Performance for the purposes of PSF and FRF

- **Revenue -** The Trust has agreed a control total with NHSI of **c.£5.686m** after Financial Recovery Fund (FRF) and Provider Sustainability Funding (PSF)**.** For the financial period to **31st March 2020**, the Trust reported **£25k (adv.)** in month and an outturn of **£15k (adv.),** this includes a **£241k** provision for annual leave due to COVID-19.

- NHSI/E has confirmed the annual leave provision due to COVID-19 will not count towards the PSF/FRF eligibility criteria. In addition, the Trust has received confirmation that it will be reimbursed fully for the costs incurred during March in responding to COVID-19 which equated to **c.£0.952m**

- As the Trust has delivered its control total, reporting a **£225k surplus,** (excluding COVID-19 annual leave) the full PSF and FRF will be allocated. In addition, the Trust will also receive FRF incentive funding (deficit reduction) of **c.£5.751m. The Trust post PSF/FRF position is therefore a £50k surplus. This is an extraordinary achievement.**

Tameside & Glossop Integrated Care Foundation Trust Position

- **Trust Efficiency Programme (TEP) -** The Trust delivered savings of **£11.831m in 2019/20**, this is **£252k (2.2%)** above the Trust target of **£11.580m.**The savings in year represents 4.3% of operating expenditure, this is 2.7% (£7.429m) higher than the national requirement of 1.6%. Recurrently the Trust has delivered savings of **£7.279m (77.6%)** of savings against a plan of **£9.380m.**

- **Agency cap -** The Trust has an agency cap of **£9.454m**, and a plan of **£7m**. During Month 12 the Trust spent **£577k** against a plan of **£342k**, reporting an overspend of **£235k,** the majority of this overspend is driven by workforce requirements for responding to COVID-19**.**

- The 2019/20 final Trust agency expenditure is **£5.612m,** this is against a plan of **£7m** resulting in an underspend of **£1.388m.** Despite the additional pressure of COVID-19, the Trust has spent **c20% below** its Agency plan and **c41% below** the NHSI cap.

- **Capital –** The Trust spent **£4.265m** in capital expenditure against a plan of **£4.352m**. The Trust reported a small underspend of **£87k (2%)** which was mainly due to slippages resultant from COVID-19. The Trust spent **£1.810m during March**, which represents **42%** of the capital expenditure.

- **Cash –** The cash balance is above plan at M12 by **£2.156m** due to the receipt of PSF funding in March.

2019/20 Capital Outturn

2019/20 Capital Outturn Report

INTRODUCTION

This is the final capital monitoring report for 2019/20, summarising the outturn position on capital expenditure at 31 March 2020.

The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2019/20 financial year. The approved budget for 2019/20 is £42.013m (after re-profiling approved at Period 10) and outturn for the financial year is £37.341m. There are additional schemes that have been identified as a priority for the Council, and, where available, capital resource has been earmarked against these schemes, which will be added to the Capital Programme and future detailed monitoring reports once satisfactory business cases have been approved by Executive Cabinet.

SUMMARY

Service areas have spent £37.341m on capital investment in 2019/20, which is £4.672m less than the current capital budget for the year. This variation is spread across a number of areas, and is made up of a number of over/underspends on a number of specific schemes (£0.673m) less the re-profiling of expenditure in some other areas (£5.344m).

Key messages at outturn are as follows:

- The variation in Education relates to S106 contributions being drawdown and applied to support on-going Education projects. The variation increases resources available to support Education.
- The overspend in Engineering predominantly relates to additional costs that have been incurred on Hospital car parking construction due to a change to the planning conditions. This resulted in an overspend of £0.172mk in financial year 2019/20, bringing the total expected overspend on this scheme to £0.245m. The shortfall has been funded from the Operations and Neighbourhoods revenue budget.
- An outturn variation of £178k on Vision Tameside relates to capital costs incurred in 19/20 which will be funded by a budget virement from Vision Tameside Public Realm.
- Minor underspends on Digital Tameside schemes which have come to an end can now be returned to corporate funding pot.

2019/20 Capital Outturn Report

	2019/20 Budget	Outturn	Outturn Variation	Slippage	Variation after Slippage
	£000	£000	£000	£000	£000
Growth					
Investment & Development	3,626	2,693	933	(933)	0
Corporate Landlord	810	933	(123)	123	0
Estates	50	0	50	(50)	0
Operations and Neighbourhoods					
Engineers	9,542	9,583	(41)	(167)	(207)
Vision Tameside	1,706	1,810	(104)	(74)	(178)
Environmental Services	896	496	400	(400)	0
Transport (Fleet)	280	381	(101)	(57)	(44)
Stronger Communities	19	11	8	(8)	0
Children's					
Education	5,958	5,406	552	(785)	(233)
Finance & IT					
Finance	3,733	1,870	1,863	(1,863)	0
Digital Tameside	3,228	1,935	1,293	(1,275)	18
Population Health					
Active Tameside	12,010	12,129	(119)	99	(19)
Adults					
Adults	155	94	61	(69)	(8)
Total	**42,013**	**37,341**	**4,672**	**(5,344)**	**(673)**

Table 1: Capital Outturn Statement 2019/20

Service areas have spent £37.341m on capital investment in 2019/20, which is £4.672m less than the current capital budget for the year. This variation is spread across a number of areas, and is made up of a number of over/underspends on a number of specific schemes (£0.673m) less the re-profiling of expenditure in some other areas (£5.344m).

2019/20 Capital Outturn Report

	2019/20 Re-profile Q1	2019/20 Re-profile Q2	2019/20 Re-profile P10	2019/20 Re-profile Q4
	£000	£000	£000	£000
Growth				
Investment & Development	0	2,748	384	933
Corporate Landlord	0	259	0	(123)
Estates	0	64	0	50
Operations and Neighbourhoods				
Engineering Services	1,695	532	3,694	(167)
Vision Tameside	0	5,552	13	74
Environmental Services	0	1,931	832	400
Transport	0	0	0	57
Stronger Communities	0	0	8	8
Children's				
Education	773	4,667	6,236	785
Finance & IT				
Finance	0	0	1,867	1,863
Digital Tameside	0	639	532	1,275
Population Health				
Active Tameside	0	5,610	(1,650)	(99)
Adults				
Adults	0	888	185	69
Total	**2,468**	**22,890**	**12,101**	**5,344**

Table 2: Re-profiling requested into 2020/21

Re-profiling requests totalling £5,344k include:

- **Investment & Development**: There have been delays across a number of schemes. Ashton Town Hall urgent repair works are not expected to be completed until early in the next financial year, and take up of the new home repair schemes (DFG) has been lower than originally estimated. Further delays have occurred for Ashton Old Baths with initial works planned for March 2020 which have now be delayed.
- **Environmental Services**: Re-profiling predominantly relates to the replacement of Cremators project which was due to commence in March but will now commence in April 2020.
- **Education**: Delays across a number of schemes, with works expected to be completed in 2020/21.
- **Finance**: The second tranche of the Manchester Airport investment drawdown was due to take place in March but instead has been paid in April 2020.
- **Digital Tameside**: The order for Microsoft licensing purchases has been placed but this was delayed and expenditure will not occur until 2020/21. DCMS Fibre Wave 2 funding was approved in January 2020. This work is a little behind the initial projections and will be completed by the end of Q2 20/21.

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Table 3A: Capital Financing 2019/20

	Borrowing £000	Grants £000	Contributions £000	Revenue Contribution £000	Capital Receipts & Reserves £000	Total £000
Growth						
Investment & Development		2,511			182	2,693
Corporate Landlord		35			899	933
Estates						
Operations and Neighbourhoods						
Engineers		2,418	69	199	6,896	9,583
Vision Tameside		153			1,657	1,810
Environmental Services			6		490	496
Transport (Fleet)	57			324		381
Stronger Communities					11	11
Children						
Education		4,045	1,074	287		5,406
Finance & IT						
Finance	1,870					1,870
Digital Tameside		800			1,135	1,935
Population Health						
Active Tameside	10,263	1,554	27	29	257	12,129
Adults						
Adults		86		8		94
Total	**12,190**	**11,602**	**1,175**	**848**	**11,527**	**37,341**

Table 3B: Capital Financing 2019/20

Resources	£000
Grants & Contributions	12,776
Revenue Contributions	848
Corporate:	
- Prudential Borrowing	12,190
- Receipts	10,059
- Reserves	1,468
Total	**37,341**

The financing of the 2019/20 Capital Outturn is determined by the Director of Finance based on planned financing and the availability of Capital Receipts. The financing of the Capital Programme seeks to maximise funding from external Grants and Contributions, and other funding sources being utilised where external funding has been exhausted. Revenue contributions to capital expenditure are minimal and tend to reflect service are contributions to scheme overspends or school contributions to capital expenditure in schools where capital grants have been fully utilised.

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

Funding of Capital Investment from reserves and receipts remains a significant source of funding for the Council.

In the two years from 1 April 2017 to 31 March 2019, the Council funded £52.953m of capital expenditure from the Capital Investment Reserve and £7.728m from Capital Receipts.

After financing 2019/20 expenditure from £10.059m of Capital Receipts and £1.694m from the Capital Investment Reserve, the Council is left with a balance of £14.953m for future investment before any additional capital receipts.

The 2020/21 approved capital programme requires capital receipts and reserves of £18.792m to be delivered in full, before taking account of any overspends or additional budget requirements. There is a further £33.2m of earmarked schemes which are currently predicated on capital receipts or reserves.

Capital Receipts	£000s
Balance at 1 April 2019	533
2019/20 Asset Disposal Proceeds	9,791
2019/20 Asset Disposal Costs	(265)
Financing 2019/20 Capital Expenditure	(10,059)
Balance at 31 March 2020	**0**

Capital Investment Reserve	£000s
Balance at 1 April 2019	16,287
Financing 2019/20 Capital Expenditure	(1,468)
2019/20 Vision Tameside Project Costs	(226)
Balance at 31 March 2020	**14,593**

CAPITAL PROGRAMME – FUTURE YEARS

Approved schemes in 2020/21 have a total budget of £65.9m and require corporate funding from capital receipts or reserves of £18.792m before any cost pressures and scheme amendments. There is a balance on the Capital Investment Reserve at 31 March 2020 of £14.593m and therefore if the 2020/21 capital programme is to be delivered in full, planned capital receipts must be realised. The current and forecast economic conditions arising from the COVID-19 pandemic increase the risk that capital receipts may not be realised or that values will be diminished.

Fully Approved Schemes	Budget 2020/21 £	Proposed Financing: Grants & Contributions £	Proposed Financing: Borrowing £	Proposed Financing: Receipts & Reserves £
Growth				
Development and Investment	17,031	13,156		3,874
Corporate Landlord	136	274		(139)
Estates	114			114
Operations and Neighbourhoods				
Engineering Services	10,496	6,101		4,395
Vision Tameside	5,792	1,363		4,429
Environmental Services	3,642	235		3,407
Transport	2,349		2,349	
Stronger Communities	16			16
Children				
Education	13,955	13,955		
Children	400			400
Finance & IT				
Finance	3,730		3,730	
Digital Tameside	3,282	1,850		1,432
Population Health				
Active Tameside	3,861	10	2,987	863
Adults				
Adults	1,142	1,142		
Total	**65,944**	**38,086**	**9,066**	**18,792**

Approved schemes in 20/21 requiring funding from receipts or reserves include:

- Development and Investment: Ashton Town Hall Envelope works and Ashton Old Baths Data Centre. Work is in progress and contractually committed.
- Engineering Services: TAMP investment and LED Street Lighting Scheme
- Vision Tameside Public Realm and Ashton Town Centre Civic Square
- Environmental Services: Replacement of Cremators and Embankment works, both already in progress and contractually committed.
- Digital Tameside: Microsoft Licensing, essential for business continuity.
- Active Tameside: Contribution to Hyde Pool scheme.

2019/20 Capital Outturn Report

Without further capital receipts, there is insufficient funding for the fully approved schemes.
Earmarked schemes requiring funding from receipts or reserves include:

- Children's Services Estate
- Ashton Town Hall main scheme
- TAMP Investment
- Refurbishment of Capital Assets, including contributions to Stalybridge Heritage Action Zone
- Droylsden Library
- Hyde Town Hall Roof
- Health Hubs

	Budget	Budget	Proposed Financing		
All Schemes	**Approved Schemes £**	**Earmarked Schemes £**	**Grants & Contributions £**	**Borrowing £**	**Receipts & Reserves £**
Growth					
Development and Investment	17,031	9,630	13,156		13,504
Corporate Landlord	136	7,289	274		7,150
Estates	114	1,400			1,514
Operations and Neighbourhoods					
Engineering Services	10,496	12,250	6,101		16,645
Vision Tameside	5,792		1,363		4,429
Environmental Services	3,642	700	235		4,107
Transport	2,349			2,349	
Stronger Communities	16	200			216
Children					
Education	13,955		13,955		
Children	400	550			950
Finance & IT					
Finance	3,730	500		3,730	500
Digital Tameside	3,282		1,850		1,432
Population Health					
Active Tameside	3,861		10	2,987	863
Adults					
Adults	1,142	12,700	1,142	12,000	700
Total	**65,944**	**45,219**	**38,086**	**21,066**	**52,011**

Tameside and Glossop Strategic Commission – Financial Position

2020/21 Financial Outlook

Initial Assessment of the 2020/21 Financial position and the potential impact of COVID-19

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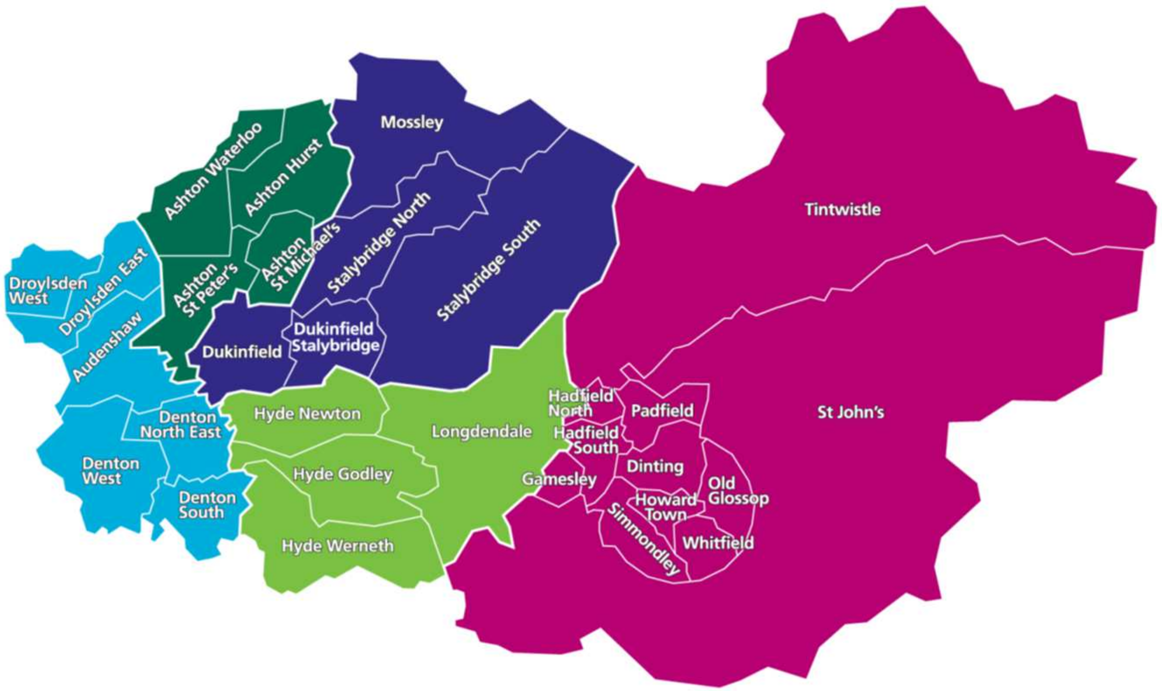

Kathy Roe

Tameside & Glossop Strategic Commission 2020/21 Financial Outlook

2019/20 Underlying Financial Risks

Whilst the 2019/20 outturn position reported a balanced budget overall, this was net of some significant variances in services, and as a result of some significant one-off savings and additional income. Even before the impact of COVID-19, the Strategic Commission entered the 2020/21 financial year with significant pressures in Acute, Adults, Children's Services, Operations & Neighbourhoods, and Growth.

	£m's		
Outturn Position £m's	**Net Budget**	**Net Forecast**	**Net Variance**
Acute	215.0	217.1	**(2.2)**
Mental Health	39.7	40.1	**(0.4)**
Primary Care	84.8	84.5	0.3
Continuing Care	15.5	15.1	0.4
Community	32.9	32.8	0.1
Other CCG	29.6	28.9	0.7
CCG TEP Shortfall (QIPP)	0.0	0.0	0.0
CCG Running Costs	5.4	4.4	1.0
Adults	38.4	39.3	**(1.0)**
Children's Services	48.4	56.8	**(8.4)**
Education	6.0	6.1	(0.0)
Individual Schools Budgets	0.0	0.0	0.0
Population Health	16.1	16.3	**(0.2)**
Operations and Neighbourhoods	50.6	51.2	**(0.5)**
Growth	9.1	9.7	**(0.6)**
Governance	9.3	8.8	0.4
Finance & IT	7.2	5.2	2.0
Quality and Safeguarding	0.1	0.1	0.0
Capital and Financing	2.8	(1.5)	4.3
Contingency	3.9	0.2	3.7
Corporate Costs	5.0	4.8	0.2
Integrated Commissioning Fund	**619.7**	**619.7**	0.0

The 2019/20 outturn position included:

- £6.5m of one-off benefits to CCG budgets
- £1.5m net benefit from Waste and Transport Levy Adjustments
- £1.2m one-off benefit from insurance provision adjustments
- £2.4m of additional income from the Manchester Airport Dividend

Tameside & Glossop Strategic Commission 2020/21 Financial Outlook

2020/21 Budget

The Council set a balanced budget for 2020/21 but the budget process in the Council did not produce any meaningful efficiencies from departments and therefore relied on a number of corporate financing initiatives, including budgeting for the full estimated dividend from Manchester Airport Group, an increase in the vacancy factor and targets around increasing fees and charges income.

The budget also drew on £12.4m of reserves to allow services the time to turn around areas of pressures. These areas were broadly, Children's Services placement costs, Children's Services prevention work (which was to be later mainstreamed and funded from reduced placement costs), shortfalls on car parking and markets income. Each of these services required on-going development work to have the impact of allowing demand to be taken out of the systems and additional income generated. There was additional investment around the IT and Growth Directorate Services, to invest in IT equipment, software and capacity and to develop strategically important sites for housing and business development, including key Town Centre masterplans. A delay in delivering the projects that the reserves were funding is likely to mean more reserves will be required in future years, placing pressure on already depleting resources.

Although the CCG delivered its QIPP target of £11m in 2019/20, the majority (£6.5m ie. 59% of core allocations) was as a result of non-recurrent means and therefore added considerable additional pressure to 2020/21. The QIPP target for 2020-21 is £12.5m (3.2% of CCG core and running cost allocations) and £3m of this target has no schemes in place to deliver these savings. A late notification in March on increased funded nursing care rates for 2020/21 and delays in delivering QIPP schemes as a result of COVID-19 will evidently exacerbate financial pressures further.

Before the impact of COVID-19, the forecast budget gap after the use of reserves and delivery of QIPP targets was as follows:

Strategic Commission Total Budget Forecasts 2020/21 - 2024/25					
	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Total Forecast Gap	**3,048**	**22,732**	**24,363**	**32,270**	**36,792**
Which includes:					
Identified QIPP Savings	(9,452)	(11,771)	(12,706)	(13,631)	(13,631)
Use of Reserves	(12,395)	(1,442)	(413)	(242)	(275)
Gap before QIPP and reserves	*24,895*	*35,945*	*37,482*	*46,143*	*50,698*

COVID-19 FINANCIAL RISKS

CCG Budgets

For the CCG, NHS England & Improvement (NHSE&I) are operating on a "command and control" style of leadership in the current crisis and as a consequence all 2020-21 contracts and financial planning have been temporarily put on hold whilst the unfolding developments of COVID-19 are managed. Guidance and updates are coming out almost daily across health and Local Government briefings and various different processes and funding streams are being put in place to ensure provider cash flow is not detrimentally affected by the crisis and core front line services can continue. NHSE&I are therefore ensuring providers break even in their finances.

The Government has allocated £4.5 billion nationally across both health (£1.3 billion) and Local Government (£3.2 billion) to cover increased costs as a result of COVID-19 including the funding of social care costs to facilitate early discharge from hospital in the health costs. The proportion of national funding attributable to the Tameside and Glossop economy is £13.9 million for the Council and circa £6.2 million for the CCG. The method of apportionment is different for both organisations in that the funding is directly paid to the Council for them to manage; but the CCG must make a retrospective claim which is funded, if approved, by changes to the monthly allocation. All costs are being stringently monitored and reported via regular information returns to NHSE&I.

As a result of the command and control budget management in place and NHSE&I ensuring providers break even, it is difficult to quantify the full extent of COVID pressures in the CCG. Despite assurances around additional funding for COVID related pressures, there remains uncertainty as to whether certain categories of expenditure will qualify for national funding (e.g. communications systems in primary care), or how allocations (e.g. to fund increased rates for Funded Nursing Care) will be calculated. The CCG is therefore assuming the financial pressure attributable to COVID is £6.2 million as estimated by NHSE&I.

Council Budgets

The COVID-19 Pandemic has significant implications for the Council's financial position. Government funding has been provided which will contribute to additional costs, however the scale and significance of potential losses of income, far exceeds Government funding allocated to date. Key risk areas for the Council include:

- Investment Income – both from cash investments and more significantly from the Manchester Airport Investments
- Income from Trading – fees and charges levied for discretionary services including car parks, markets and investment properties
- Council Tax – the financial impact of the pandemic is expected to result in reduced Council Tax collection rates
- Business Rates – the economic impacts are expected to reduce collection rates as businesses struggle to pay or go out of business
- Looked After Children – potential for greater demands on services due to lockdown and delays in implementing improvement plans
- Active Tameside – closure of sites and loss of income means that Active Tameside may no longer be financial viable
- Adults Social Care – additional costs resulting from lockdown and isolation of care homes
- Delivery of planned savings – likely to be delayed as services focus on the COVID-19 response

FINANCIAL IMPACT ANALYSIS

It remains difficult to accurately establish the financial impact of the pandemic at this early stage across the Strategic Commission. The full extent of additional service demands and costs are being captured, but the longer term impacts can only be forecast. Similarly, the longer term impacts on income sources can be estimated but with varying degrees of accuracy as the economic consequences of COVID-19 are currently speculative.

Initial analysis of the potential financial impacts using a best, worst and likely scenario concludes that the likely financial impact will be significant both in the current and future financial years. The government funding in 2020/21 will offset a significant proportion, but not all, of the additional costs and loss of income, however future years are expected to see a continued loss of income.

	2020/21 '£000	2021/22 '£000	2022/23 '£000	2023/24 '£000	2024/25 '£000	2025/26 '£000
February 2020 Gap	0	19,661	21,249	26,761	31,278	37,278
Covid19 Pressure:						
Best case scenario	(291)	36,375	33,226	37,830	37,012	41,178
Worst case scenario	18,494	61,297	48,227	50,399	49,697	48,628
Likely scenario	**7,719**	**48,526**	**39,595**	**43,690**	**44,217**	**45,378**

	2020/21 '£000	2021/22 '£000	2022/23 '£000	2023/24 '£000	2024/25 '£000	2025/26 '£000
February 2020 Gap	0	19,661	21,249	26,761	31,278	37,278
Covid19 Likely Pressure:						
Expenditure Pressures	19,281	6,466	3,296	2,228	1,489	1,000
Income Pressures	8,543	22,400	15,050	14,700	11,450	7,100
Total Forecast Pressures	**27,824**	**28,866**	**18,346**	**16,928**	**12,939**	**8,100**
COVID Funding	(20,106)	0	0	0	0	0
Revised Gap	**7,719**	**48,526**	**39,595**	**43,690**	**44,217**	**45,378**

Tameside & Glossop Strategic Commission 2020/21 Financial Outlook

Best case:
- Delivery of savings commences during 20/21
- Additional costs and demand only 50% of current forecast
- Minimal additional borrowing
- Airport income (excluding dividend) continues, dividend resumes in 2024
- Council Tax and Business Rates collection down 5%
- Minimal losses in fees and charges, recovery begins in 2020/21
- Provider Trusts break-even in 2020/21

Likely Scenario assumes:
- Implementation of savings plans delayed until 21/22
- Additional costs and demand as currently estimated
- Additional borrowing costs incurred to fund capital investment requirements
- Airport bond interest and land rental reduced, no dividend until 2025
- Council Tax and Business Rates Collection down 10%
- Assumed losses in fees and charges begin to recover in 2021/22
- Additional funding provided to ensure providers break even

Worst case:
- Planned savings not delivered until 22/23
- Additional costs and demand exceed current forecasts
- Significant increase in borrowing costs
- No income from Airport until 2026
- Council Tax and Business Rates Collection down 15%
- Fees and charges recovery does not commence until 2022/23
- CCGs have to provide financial support to providers to sustain services

COVID Funding for individuals and businesses

The Council is administering £2.1m of Council Tax hardship funding and up to £53m of grants to local businesses on behalf of the Ministry of Housing Communities and Local Government (MHCLG). This funding can only be awarded directly to business and individual Council Tax payers.

Council Tax Hardship	'£000
Council Tax Hardship Fund	2,158
Grants awarded at 5 May	0
Balance available	**2,158**

Administrative arrangements for Council Tax hardship funding are being finalised. System amendments are required and administration is expected to be complex. Awards will initially be made to those already in receipt of Council Tax Support.

Business Rates Support	'£000
Business Rates Support Grant	53,810
Grants awarded to 5 May 2020	(35,210)
Balance available	**18,600**

Business Rates Support grants are being paid through the Council on behalf of MHCLG and as at 5 May 2020 over £35m has been paid to eligible businesses in Tameside. Further payments will continue during May, but unused grant is expected to be returned to Government.

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COVID Funding – Local Government and CCG

The Council has been allocated £13.906m of COVID grant funding, with £7.7m of cash received to date and a further £6.2m expected. Council funding is un-ring fenced with no formal claim arrangements in place. A monthly return is required to the Ministry of Housing, Communities and Local Government setting out actual and forecast financial implications of the crisis. The CCG has access to a notional £6.2m to support COVID costs including social care discharges to care homes. This funding is accessed retrospectively on a claims basis for identified expenditure incurred.

COVID Funding	'£000
LG Grant Funding	13,906
CCG COVID Allocation	6,200
Balance available	**20,106**

Whilst the additional funding is welcome, it is clear that what has been provided to date will not be enough. £1.084m of funding has been earmarked to offset income due but not received from Manchester Airport at the end of March 2020, with the balance remaining for future allocation. Initial estimates are that the additional costs and lost income resulting from the pandemic is likely to be a sum of around £21m in 2020/21. This estimate is based on a number of assumptions but modelling of the best and worst case scenarios could see this figure anywhere between £13m and £29m.

Many Directorates have responded to the crisis by using existing resources creatively and flexibly, through redeployment of both staff and contracts. The approach that we are taking is in the spirit of the Government guidelines in that we continue to receive Government funds and support despite some services no longer being delivered. So where there is budget available for services and we have redeployed we are just using that budget differently.

There will be no compensation to services for this redeployment. However, in forming our case to Government for extra funding we will need, we are seeking to identify and quantify where budget is be redirected to respond to COVID-19. We have seen some additional costs arise, for example, overtime for certain staff as they respond to the extra demand created, new IT kit, PPE, payments to foodbank providers etc. These additional costs are being coded to the COVID-19 cost centres set up in each Directorate.

Where we have business as usual, but we have seen demand increase due to Covid, we are tracking and monitoring those additional costs. Where the Council can legitimately charge to the CCG allocation we are doing so. For other areas we are monitoring but we will not be transferring any additional budget at this time. The reason for this is because we know there is insufficient funding from government so allocating it out will not address this as an issue, it will just make some areas better off than others, so funding is being retained corporately. Any new additional expenditure (that is not demand related through business as usual) will still be requested through Executive Cabinet. We are also tracking any new pressures that appear as a result of Covid and this includes areas where we are losing income (such as for car parks, Council Tax and Business Rates).

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Report to:	**AUDIT PANEL**
Date:	28 July 2020
Reporting Officer:	Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
Subject:	**DRAFT STATEMENT OF ACCOUNTS 2019/20**
Report Summary:	This report presents the draft Statement of Accounts for 2019/20. The draft accounts are subject to audit, with the audit due for completion and sign off before 30 November 2020. The audited statement of accounts will be presented to the Audit Panel at the September or November 2020 meeting for approval before the statutory deadline of 30 November 2020. **Appendix 1** provides an overview of the form and content of the Council's financial statements. The full financial statements, for the Council and the Greater Manchester Pension Fund, are included in **Appendices 2 and 3.**
Recommendations:	The Panel is asked to note the draft Statement of Accounts and the timescales for completion of the audit.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending, which is summarised in the 2019/20 accounts.
Policy Implications:	There are no wider policy implications arising from this report.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Statement of Accounts 2019/20 provide full details of the Council's financial position at 31 March 2020 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards. The Council is required to prepare draft financial statements for 2019/20 by 31 August 2020. These draft financial statements will now be subject to external audit and audited statements must be approved before 30 November 2020.
Legal Implications: (Authorised by the Borough Solicitor)	The Local Audit and Accountability Act 2014 (the Act) governs the work of auditors appointed to authorities and other local public bodies. The Act, the Accounts and Audit Regulations 2015 and the Local Audit (Public Access to Documents) Act 2017 also cover the duties, responsibilities and rights of local authorities, other organisations and the public concerning the accounts being audited. Non compliance with these provisions could lead to the issue of an advisory notice by the External Auditor, with the ultimate sanction of judicial review, as only a court can ultimately decide whether a local authority's decision, or failure to decide something it should have, is unlawful. A Letter was received from the Ministry of Housing, Communities and Local Government informing local authority chief executives that: • the publication date for final, audited, accounts will move from 31 July for Category 1 authorities and 30 September for Category 2 authorities to 30 November 2020 for all local

authority bodies

- to give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) and July (for Category 2 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.

The regulations implementing these measures were laid on 7 April and came into force on 30 April 2020. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/880740/200422_LA_CEx_letter.pdf

Risk Management:

The external audit provides external verification of the Council's financial statements. By producing the annual Statement of Accounts, the Council aims to give all interested parties 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.

Background Papers:

The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner

Telephone:0161 342 2929

e-mail: heather.green@tameside.gov.uk

1 INTRODUCTION

1.1 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this will be completed before the draft statements are formally published on the Council's website. External Audit have commenced their work on the draft statements and are expected to report to Audit Panel in September or November 2020

1.2 The Statement of Accounts 2019/20 provide full details of the Council's financial position at 31 March 2020 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which is based on International Financial Reporting Standards. **Appendix 1** provides an overview of the form and content of the Council's financial statements. The full financial statements, for the Council and the Greater Manchester Pension Fund, are included in **Appendices 2 and 3.**

2 UPDATES TO THE 2019/20 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

2.1 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2019/20. In undertaking this assessment a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements. The draft accounting policies for 2019/20 were presented to the Audit Panel in March 2020.

2.2 There are no substantive changes to the accounting standards or Code of Practice on Local Authority Accounting, which impact on the treatment of transactions and balances in the 2019/20 financial statements.

3 RECOMMENDATIONS

3.1 As set out on the front of the report.

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2019/20 Financial Statements

Overview

Audit Panel
28 July 2020

Tameside Metropolitan Borough

NHS
Tameside and Glossop
Clinical Commissioning Group

Headlines

Small overall deficit on the revenue budget of **£0.013m** but some significant variations in services

Outturn Position £000's	Net Budget	Outturn Position	Variance
Adults	38,369	39,321	(952)
Childrens Services	48,432	56,836	(8,404)
Education	6,014	6,051	(37)
Population Health	16,092	16,259	(167)
Operations and Neighbourhoods	50,627	51,170	(543)
Growth	6,313	6,916	(604)
Governance	9,257	8,835	421
Finance & IT	7,164	5,152	2,012
Quality and Safeguarding	136	136	0
Capital and Financing	5,548	1,262	4,285
Contingency	3,871	127	3,744
Corporate Costs	4,981	4,751	230
Totals	**196,803**	**196,816**	**(13)**

Tameside Metropolitan Borough

NHS Tameside and Glossop Clinical Commissioning Group

Headlines

Overall net assets of the Council have increased by £50.3m – mainly due to reduction in long term liabilities relating to Pensions following the full actuarial valuation in 2019.

Earmarked reserves reduced overall by £9m. Balance at 31 March includes significant sums of capital and COVID grant funding that has already been spent in 2020/21.

Collection Fund Reserves have increased by £10.6m but this is already committed to fund business rates deficits and the revenue budget in future years.

Tameside Metropolitan Borough

NHS Tameside and Glossop Clinical Commissioning Group

Narrative Report

- Provides 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.
- Summary of Revenue and Capital Outturn position
- Explanation of significant transactions and balances in the financial statements

CIES – Comprehensive Income and Expenditure Statement

Income and expenditure in accordance with proper accounting practice:

- **Deficit** on the provision of services £60.010m – Note 1 reconciles between amounts reported to management and the CIES
- Overall **surplus** on CIES £50.349m – represents the total movement in (useable and unusable) reserves (MIRS)

These figures include non-cash items on an accounting basis and do not represent the 'cost' to the Council Tax Payer under statute

Tameside Metropolitan Borough

NHS
Tameside and Glossop Clinical Commissioning Group

Note 1 – Expenditure and Funding Analysis

Reconciles between what was reported to management and members during the year, and the deficit on the provision of services in the CIES

£0.013m	**Deficit reported in revenue outturn report**
£59.996m	**Net additional expenditure charge to CIES on an accounting basis**
£60.010m	**Deficit on the provision of services in the CIES**

Tameside Metropolitan Borough

NHS Tameside and Glossop Clinical Commissioning Group

Note 1 – Expenditure and Funding Analysis

The £59.996m net additional expenditure in the CIES on an accounting basis includes:

- Depreciation – a notional charge for the use of assets
- Unrealised gains and losses on the value of non-current assets
- Gains and losses on the disposal of assets
- Pension costs on an IAS 19 basis (to reflect the future cost of pensions)

Tameside Metropolitan Borough

NHS Tameside and Glossop Clinical Commissioning Group

Movement in reserves statement (MIRS)

Reconciles the movements on the usable and unusable reserves:

- General Fund Balance – Increased in line with risk assessment approved in February 2019
- Schools Balances (ring-fenced)
- Earmarked reserves have reduced by £9m – detail of reserves and movements in note 11
- Capital Receipts used to fund capital expenditure
- Grants & contributions for specific purposes
- Unusable Reserves - for accounting adjustments

Reserves

Usable Reserves have **increased by £4.3m** overall but this includes a number significant of movements in and out of reserves (note 11).

- Some reserves have been consolidated into the MTFS reserve as approved in the February 2020 budget report.
- Unspent grants and contributions inflated by COVID grant monies received at the end of March 2020.
- Collection Fund Reserve balance is committed to fund the NNDR deficit on the Collection Fund and to support the Revenue budget over the next four years.

Unusable Reserves are for accounting purposes and are not available to spend.

Balance Sheet

Summary of the Council's Current and Non-current Assets and Liabilities:

- Non Current Assets include physical assets, long term debtors and investments.
- Property, Plant and Equipment has decreased in value by £16m – this is a net figure and includes £31m of additions (Capital Expenditure), £25m of disposals or de-recognition of assets, £35m of revaluation losses and £12m depreciation
- Whilst the overall value of long term assets is stable, the value of the Manchester Airport Shareholding has reduced by £20m

Tameside Metropolitan Borough

NHS Tameside and Glossop Clinical Commissioning Group

Balance Sheet

Current Assets include cash, short term investments and debtors (amounts owing to the Council):

- Cash, cash equivalents and short term investments balances reflect the significant COVID grant monies received in March 2020, and treasury decisions to hold more liquid cash investments in light of the COVID pandemic.

Balance Sheet

Current Liabilities include short term borrowing, provisions and Creditors (amounts we owe others):

- Short term Provisions have increased by £4m due to a review of provisions and an increase in the provision for business rate appeals

Balance Sheet

Non-Current Liabilities include borrowing to fund Capital Expenditure in prior years, liabilities relating to the PFI schemes and the Pensions Liability:

- The pensions liability has reduced by £67m following the full actuarial valuation completed in 2019.

Tameside Metropolitan Borough

NHS
Tameside and Glossop Clinical Commissioning Group

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Tameside MBC

Statement of Accounts

2019/20

Contents

******DRAFT FINANCIAL STATEMENTS – Auditors report to be included here on completion ******

******DRAFT FINANCIAL STATEMENTS – Auditors report to be included here on completion ******

******DRAFT FINANCIAL STATEMENTS – Auditors report to be included here on completion ******

******DRAFT FINANCIAL STATEMENTS – Auditors report to be included here on completion ******

Narrative Report and Financial Summary

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

Narrative Report and Financial Summary

1) Executive Summary

The following pages present the Council's accounts for the financial year ended 31 March 2020. By producing this report, the Council aims to give all stakeholders i.e. – electors, local residents, Council Members, partners, local businesses and others - confidence that the public money that has been received and spent has been properly accounted for and that the financial standing of the Council is secure.

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

2) **Corporate Leadership and Strategy;**
3) **The Profile of the Borough;**
4) **The year in review: Financial Performance in 2019/20;**
5) **Financial Strategy: Outlook for 2020/21 and future years;**
6) **The Financial Statements: basis of preparation, purpose and summary; and**
7) **Significant transactions in 2019/20.**

It should be noted that although the Statement of Accounts is produced annually, the Members and Senior Officers of the Council receive monthly financial reports throughout the year on overall performance against budget for revenue budget and quarterly for capital budgets. These monthly and quarterly reports are considered by Executive Cabinet and are available on the Council's Website. The Medium Term Financial Plan (MTFP), which sets out the financial plan for the next five years, is also updated during the year and reported formally to both Members and Officers, and available on the Council's website. The figures presented in the accounts are consistent with the other reports that have been published during the year.

The effectiveness with which the Council has been able to prepare its accounts, meeting the stringent requirements of quality and timeliness that are set for us, is an important measure of the overall quality of our financial management. In the context of the Covid-19 pandemic, the statutory deadlines the preparation and publication of financial statements has been amended. Draft financial statements for 2019/20 are required to be published by 31 August 2020 at the very latest, with a target for publication of the audited financial statements by 30 November 2020.

Covid-19

The Council has faced major challenges as a result of the Covid-19 pandemic, which has had a significant impact on the way in which Council services have been delivered since March 2020. A Covid-19 Strategic Coordination Group (SCG) was set up in March 2020, chaired by the Chief Executive & Accountable Officer of the CCG, to support the ongoing response by the health services, as well as the maintenance of essential public services and to support the GM Pandemic response. Working across the Strategic Commission, the response has focused on supporting local health services, supporting shielding and other vulerable residents, whilst maintaining essential service delivery. The financial impact has been significant, with the Council exposed to both direct costs supporting the response to the pandemic, and indirect costs, including the impact on service delivery and income streams which are crucial to supporting financial sustainability. As at the end of June 2020, direct and indirect costs for the 2020/21 financial year were forecast to be in excess of £32 million. This excludes losses on the collection of Council Tax and Business Rates which are currently estimated to be in the region of £3.9m for Business Rates and £4.6m for Council Tax based on collection rates to the end of June. If these forecast costs and losses materialise then the total financial cost to the Council in 2020/21 will exceed £40 million.

COVID-19 Direct and Indirect costs - Forecast at 30 June 2020			
Service	**Direct £000**	**Indirect £000**	**Total £000**
Adults	8,023	1,395	**9,418**
Children's Services	168	0	**168**
Education	501	4,398	**4,899**
Schools	0	0	**0**
Population Health	1,622	3,464	**5,086**
Operations and Neighbourhoods	247	674	**921**
Growth	2,419	221	**2,641**
Governance	190	(45)	**145**
Finance & IT	62	35	**97**
Quality and Safeguarding	0	0	**0**
Capital and Financing	0	6,632	**6,632**
Contingency	0	0	**0**
Corporate Costs	2,352	100	**2,452**
Totals	**15,584**	**16,874**	**32,459**

Whilst non ringfenced Government Grant has been provided (together with targeted grants for infection control and track and trace, and other contributions), the estimated cost of the pandemic – both in terms of expenditure and loss of income – is expected to far exceed this grant funding and extend beyond the 2020/21 financial year. Funding received or forecast in 2020/21 is as follows:

COVID-19 Grant Funding and other Contributions	**£000**
LA Support Grant	16,240
Council Tax Hardship Grant	2,158
Local Authority Discretionary Grant Fund	2,345
Infection Control Fund Grant	2,131
Local authority test and trace service support grant	1,420
Other COVID-19 contributions	5,686
Total	**29,953**

2) Corporate Leadership and Strategy

The Council's political leadership is responsible for delivering on priorities, and the Executive Cabinet determines where investment and resources will be allocated in line with these priorities. This process culminates in the annual Budget Report through which the Executive Cabinet recommends to the Council the overall budget. The same principles are applied to the formulation of the capital programme.

At the heart of the leadership structure is the Executive Leader, supported by the Executive Cabinet Members. In turn, they are supported by the Executive Team led by the Chief Executive. Plans drawn up for each service area identify the priorities for that area within the context of the Council's overall priorities. Alongside Executive Cabinet, the Strategic Commissioning Board, a joint Board of the Council and Tameside and Glossop Clinical Commissioning Group (CCG) Members, is the decision making body for health and social care investment within a pooled budget arrangement (Section 75).

More information on the activities, leadership structure and governance of the Council (including the Constitution, Management structure, meeting agendas and minutes) can be found on the Council's website, located at www.tameside.gov.uk. The Council's Annual Governance Statement, published alongside the Statement of Accounts, provides further information on the governance arrangements in place to ensure proper discharge of its functions.

As an organisation the Council uses its resources, such as money, people and buildings, to deliver the maximum benefit for communities in Tameside. In 2018/19, a new Corporate Plan was developed to outline the strategic direction of the Tameside and Glossop Strategic Commission (Council and CCG) for the next seven years. A copy of the Corporate Plan 'Our People, Our Place, Our Plan' can be found on the Council's website at www.tameside.gov.uk.

The Plan covers a seven year time frame (2019-2026) and sets out the aspirations we have to deliver improved outcomes for our community. The Plan is set out across the life course and reflects the importance of a vibrant place and economy in delivering our aspirations. The Plan contains a series of statements about our vision for the people and place of Tameside and Glossop. The document also sets out a series of reform principles which underpin the delivery of the strategy and will enable our workforce and stakeholders to understand the way in which we will work.

The Corporate Plan is underpinned by the Greater Manchester Public Reform Principles. These principles set out the way in which we will operate now, and in the future, to deliver the plan and improve outcomes for our residents and communities.

- A new relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services. Do with, not to.
- An asset based approach that recognises and builds on the strengths of individuals, families and our communities rather than focussing on the deficits.
- Behaviour change in our communities that builds independence and supports residents to be in control
- A place based approach that redefines services and places individuals, families, communities at the heart.
- A stronger prioritisation of well-being, prevention and early intervention
- An evidence led understanding of risk and impact to ensure the right intervention at the right time.
- An approach that supports the development of new investment and resourcing models, enabling collaboration with a wide range of organisations.

3) The Profile of the Borough

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

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 2018 show that Tameside had a total estimated population of 225,197. Within Tameside's population:

- 45,292 were aged 0-15 years (20.11% of Tameside's population);
- 140,194 were aged 16-64 (62.25% of Tameside's population); and
- 39,711 were aged 65 or over (17.63% of Tameside's population).

Tameside has a slightly higher proportion of residents aged under 16 (20.11% compared to 19.20% England overall) and fewer people aged 65 or over (17.63% compared to 18.18% England overall). ONS Subnational Population Projections from 2018 indicate that Tameside's population is projected to increase to around 228,900 (c.1.6%) by 2025. Much of this growth is due to projected increases in the number of people aged 65 and over; a projected 18.36% increase in this age group between 2018 and 2025. Clearly, this increase in the 65+ population will continue to increase demand for social care services in the future.

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

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

Deprivation

The Government collates a variety of economic and social measures to create indices of relative affluence and deprivation based on geographical areas. These help the Council to target services to our most vulnerable residents, as well as helping to identify areas of lesser need where early intervention will help prevent costs at a later date. According to the English Indices of Deprivation 2019:

- Of the 141 areas in Tameside, 11 of these fall within the most deprived 5% nationally and a further 18 fall within the most deprived 10% nationally;
- In total, approximately 17.0% of Tameside residents live in income-deprived households;[1]
- Of those children aged 0-15, 10.6% live in income-deprived households (Income Deprivation Affecting Children Index); and
- Of those residents aged 65 and over, 6.4% live in income-deprived households (Income Deprivation Affecting Older People Index).

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

Education

- In Tameside, 63% of pupils (58% of boys and 69% of girls) met the expected standard in reading, writing and maths at Key Stage 2 in 2019 compared to 65% nationally (61% of boys and 70% of girls); and
- 63% of school children (61% of boys and 65% of girls) in Tameside achieved a standard 9-4 pass in English and Maths at GCSE level in 2019 compared to 65% nationally (61% of boys and 69% of girls).

Economy

- The median annual income for a full time worker in Tameside in 2019 was £25,769. This is lower than both the North West median of £28,487 and England of £30,611[2];
- The claimant count as a proportion of the working age population in Tameside in May 2020 was 8.1% (an increase of 5,960 people from May 2019). This rate is higher than the England average of 6.5%. The claimant count increased for both men and women over the year to this point[3}.
- 3.8% of young people aged 16 and 17 in Tameside were not in education, training or employment (NEET) averaged across December 2019 to February 2020, a fall from 4.8% over the same period the previous year.
- The Borough hosts over 7,667 business addresses, with a combined rateable valuation of over £148.7 million at 1 April 2020.

Housing

- There are 103,154 dwellings on the council tax base in Tameside as of September 2019.
- At the time of the Census in 2011 there were 94,953 households, of which 60,558 (63.8%) are privately-owned, 20,438 (21.5%) are social-rented, 12,573 (13.2%) are privately rented and 1,384 (1.5%) in shared ownership or other.
- According to the 2018 Sub-Regional Fuel Poverty Data, 10.7% of Tameside households are in fuel poverty.

Health

Health and wellbeing in Tameside is generally worse than England with heart disease, stroke, cancer and liver disease being significant issues.

Public Health England statistics state that healthy life expectancy at birth is currently 58.3 years for females and 60.4 years for males in Tameside. This is significantly lower than the England average of 63.9 years for females and 63.4 years for males.

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[2] Annual survey of hours and earnings - resident analysis (2019). The earnings information collected relates to gross pay before tax, national insurance or other deductions, and excludes payments in kind. Full-time workers are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

[3} This experimental series counts the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work and replaces the number of people claiming Jobseeker's Allowance as the headline indicator of the number of people claiming benefits principally for the reason of being unemployed. The JSA datasets have all been moved to a new Jobseeker's Allowance theme. Under Universal Credit a broader span of claimants are required to look for work than under Jobseeker's Allowance. As Universal Credit Full Service is rolled out in particular areas, the number of people recorded as being on the Claimant Count is therefore likely to rise.

Life expectancy locally is 7 years lower for females and 6 years lower for males in the most deprived areas of Tameside compared to the least deprived areas. Life expectancy at birth is currently 80.8 years for females and 77.5 years for males in Tameside. This is lower than the England average of 83.1 years for females and 79.5 for males.

Reducing the gap in life expectancy that exists between different parts of the Borough by ensuring that all residents have the same opportunities to live and work well, is a key priority for the Council.

4) The Year in Review: Financial Performance in 2019/20

REVENUE BUDGET

In February and March 2019, the Strategic Commission agreed 2019/20 budgets for the Tameside and Glossop Clinical Commissioning Group (CCG) and Tameside Council. These budgets were set in the context of continued funding cuts in local government, and significant growing demographic and demand pressures across the health economy. Children's Social Care and Continuing Health Care were identified as particularly significant pressures and budgets included significant Targeted Efficiency Programme (TEP) savings targets which needed to be delivered to achieve a balanced position by 31 March 2020.

During 2019/20, the Strategic Commission has continued reporting on the financial position of the Tameside Health Economy as a whole in monthly Integrated Commissioning Fund (ICF) financial monitoring reports. These monthly reports have been supplemented by deep dive detailed service area reports on a periodic basis.

Forecast Position £000's	Year End Position				
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
Acute	214,965	0	214,965	217,116	(2,151)
Mental Health	39,705	0	39,705	40,106	(400)
Primary Care	84,805	0	84,805	84,526	279
Continuing Care	15,523	0	15,523	15,087	437
Community	32,882	0	32,882	32,791	91
Other CCG	29,566	0	29,566	28,870	696
CCG TEP Shortfall (QIPP)	0	0	0	0	0
CCG Running Costs	5,413	0	5,413	4,365	1,048
Adults	84,285	(45,916)	38,369	39,321	(952)
Children's Services	53,686	(5,253)	48,432	56,836	(8,404)
Education	28,930	(22,916)	6,014	6,051	(37)
Individual Schools Budgets	116,822	(116,822)	0	0	(0)
Population Health	16,262	(170)	16,092	16,259	(167)
Operations and Neighbourhoods	78,840	(28,213)	50,627	51,170	(543)
Growth	40,241	(33,928)	6,313	6,916	(604)
Governance	74,183	(64,926)	9,257	8,835	421
Finance & IT	9,188	(2,024)	7,164	5,152	2,012
Quality and Safeguarding	440	(304)	136	136	0
Capital and Financing	13,533	(7,986)	5,548	1,262	4,285
Contingency	4,106	(235)	3,871	127	3,744
Corporate Costs	5,673	(692)	4,981	4,751	230
Integrated Commissioning Fund	**949,048**	**(329,385)**	**619,662**	**619,675**	**(13)**

Outturn Position £000's	Outturn Position				
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
CCG Expenditure	422,859	0	422,859	422,859	(0)
TMBC Expenditure	526,188	(329,385)	196,803	196,815	(13)
Integrated Commissioning Fund	**949,048**	**(329,385)**	**619,662**	**619,675**	**(13)**

For the 2019/20 financial year the Integrated Commissioning Fund has spent £619,675k, against a net budget of £619,662k. The small overspend of £13k on Council budgets was met from general reserves. Delivery of the budget has only been possible as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off income. It should be noted that significant overspends are included in the overall position across a number of service areas, including Children’s Services which has spent £8.4m in excess of budget. This and other pressures will continue into 2020/21.

The revenue budget structure reflects the Strategic Commission’s organisation and management structure for the delivery of services, although the Council and CCG remain as separate legal entities. This Statement of Accounts covers the budgets of the Tameside Metropolitan Borough Council budgets. The Statutory Accounts of the CCG are published separately. The Expenditure and Funding Analysis Note 1 provides a reconciliation between the deficit of £0.013m on the Revenue Budget for TMBC Expenditure and the net surplus on the provision of services reported on the face of the Comprehensive Income and Expenditure Statement (CIES). The CIES includes a number of non-cash items which are required under accounting standards but are not costs that can be charged to Council Tax Payers.

COLLECTION FUND

Collection Fund 2019/20 Outturn Position £000s	Budget		Outturn		Variation	
	Council Tax	NDR	Council Tax	NDR	Council Tax	NDR
	£000s	£000s	£000s	£000s	£000s	£000s
Total Income	(110,947)	(58,074)	(112,090)	(56,957)	1,143	(1,117)
Total Expenditure	124,219	58,982	122,453	58,789	1,766	193
(Surplus)/deficit for the year	**13,272**	**908**	**10,363**	**1,831**	**2,909**	**(923)**
Balance brought forward	(17,003)	657	(17,003)	657		
(Surplus)/deficit for the year	13,272	908	10,363	1,831	2,909	(923)
Balance carried forward	**(3,731)**	**1,565**	**(6,640)**	**2,489**	**2,909**	**(924)**
Share of (surplus)/deficit						
The Council	(3,143)	1,565	(5,579)	2,464	2,436	(915)
Central Government						
Mayoral Police and Crime Commissioner	(424)		(755)		331	
GM Fire and Rescue Authority	(165)	16	(306)	25	141	(9)
Total (Surplus)/Deficit	**(3,731)**	**1,565**	**(6,640)**	**2,489**	**2,909**	**(924)**

The 2019/20 outturn position on the Council Tax side of the Collection Fund is better than originally forecast, resulting in the total surplus being £2.909m greater than budget. This is due to growth in the Council Tax base (the number of homes in the borough) growing at a faster rate than forecast when the budget was set, and due to the level of provision for non-collection not needing to be increased by the amount forecast. On business rates, the actual deficit in year is greater than originally forecast due to a reduction in the level of net rates collectible by the Council as a result of additional reliefs awarded by Government. The Council is compensated for this loss of rates through grants which are reflected in the general fund rather than the collection fund. This deficit needs to be 'repaid' in future years and will be funded from the NNDR deficit reserve.

£11.3m of Council Tax surplus was transferred to the General Fund in 2019/20 and is earmarked to support the revenue budget over the next four years. The remaining surplus will be transferred to the general fund in 2021.

Both the level of Business Rates and Council Tax income has been closely monitored during the financial year. The in-year Council Tax collection rate was 93.52% (93.41% in 2018/19) against a target of 94%. Cumulative collection rates after six years continue to exceed 98%. The in-year Business Rates collection rate was 97.01% against a target of 96.7%.

ADULTS SERVICES

Outturn Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
	Year End Position				
Adults	84,285	(45,916)	38,369	39,321	(952)

The adverse outturn variation is primarily due to delays in the delivery of £770k planned savings initiatives. Alongside this, there were a number of variations on income and expenditure relating to placements and packages within care homes, home care, mental health and day services provision. Expenditure on long term support exceeded budget provision together with reduced levels of housing benefit for related service provision. The variations and savings plans are now being urgently reviewed to assess the impact for 2020/21.

Adult Services provides a wide variety of functions and services including assessment and care management, direct provision of services and a commissioning and contract monitoring function. The service employs approximately 570 staff to deliver these services.

Approximately 70% of all direct provision services are commissioned in the independent sector – this includes residential and nursing care, home care services, 24 hour supported accommodation services for people with learning disabilities and extra care housing. Services are delivered for older people, people with learning disabilities, mental health issues and physical disabilities.

Achievements and Successes 2019/20:

- Services continued to support people to live independently in their own homes.
- The Support at Home model has been fully rolled out and is demonstrating some really positive outcomes for people.
- Improved quality across local residential and nursing homes as recognised by CQC inspections – 77% of care homes now rated good or outstanding. 94% of home care/supported accommodation rated as good or outstanding.
- Continue to see an increase in the number of people with learning disabilities in paid employment.
- A reduction in the number of younger people being placed in out of area residential placements
- Services were delivered within the allocated budget, though this continues to be supported with additional funding via the improved Better Care Fund (iBCF)
- Following the success of the winter pressures funding in 2018/19 a similar exercise has been undertaken in collaboration with the whole system i.e. ICFT and voluntary and community sector for 2019/20.
- Almost 500 staff, managers, Members and partners have undertaken Autism Awareness training

CHILDREN'S SERVICES – SOCIAL CARE

Outturn Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
	Year End Position				
Children's Services	53,686	(5,253)	48,432	56,836	(8,404)

The final outturn position for Children's Social Care is an overspend of £8.4m against an approved net budget of £48.4m. This level of overspend has been forecast since month 9 and is due to a combination of Looked After Children (LAC) numbers exceeding forecasts and additional placement costs. The LAC population has been relatively stable over the last 6 months, standing at 704 on 3 April 2020 (700 at period 6).

In seeking to address these issues, work is actively under way to implement the Looked After Placement Sufficiency Plan, focusing on improvements across strategic commissioning, placement procurement and brokerage, contract management and quality assurance. Alongside this, the Placement and Permanence panel is individually reviewing each placement.

On 27 November 2019, the Executive Cabinet approved additional investment of £ 2.2 million (£ 1.9m via the Council, £ 0.3m via the CCG) to support 7 key Looked After Sustainability projects. These projects are all designed to more effectively and efficiently support children and families at the earliest point and include Early Help. They take a multi-faceted and coordinated approach, in order to safely and appropriately reduce the need for Local Authority Care. To stabilise the current cohort, progress children's through to permanency more effectively, step children down where appropriate and provide for a range of placements to best meet children's assessed needs.

All projects are now in train and making positive progress. Each strand is subject to regular corporate oversight and a Local Authority wide approach is being taken to ensure that they remain on track.

The Council has allocated significant additional investment to the directorate budget provision over recent years to support the necessary service improvements. Recurrent budget increases have been supplemented with £31.15m of additional one-off investment from reserves over the period 2017/18 to 2020/21 (£2.3m in 2017/18, £11.6m in 2018/9, £9.3m in 2019/20 and £7.95m in 2021/21). Whilst requesting additional investment from reserves, the medium term financial plan assumes that spending reductions can be achieved in Children’s Services in the medium term as the number of placements reduces. Delivery within budget is essential to ensure the financial sustainability of the Council.

The Directorate is responsible for securing the provision of services which address the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers. The Directorate is responsible for the performance of local authority functions relating to the education and social care of children and young people.
The Directorate has a responsibility to -

- work with partners to promote prevention and early intervention and offer early help so that emerging problems are dealt with before they become more serious.
- promote effective care planning for our Looked After Children, caring and effective corporate parenting, with key roles in improving their educational attainment, providing stable and high quality placements, permanency planning, and preparation for adulthood.
- providing Youth Justice services for children involved in the youth justice system (including those leaving custody), secure the provision of education for young people in custody and ensure that safeguarding responsibilities are effectively carried out.
- Providing safe and effective child protection and Child in Need services
- understand local need and secure provision of services taking account of the benefits of prevention and early intervention and the importance of co- operating with other agencies to offer early help to children, young people and families.

The Directorates activities are underpinned by and contribute towards the Corporate priorities, specifically Starting Well, Living Well, Place Based Services and a Vibrant Economy.

Achievements and successes in 2019/20:

Performance of the Children’s Social Care Services Directorate is currently judged as Requires Improvement to be Good by the regulator, following inspection in May 2019. This is an improved position following an Inadequate judgement in November 2016. Improvement has been slow, but notable improvements have been made. Whilst much more of our activity is now judged to be requires improvement or good, there remains significant inconsistency.

The upward/positive trajectory of many key indicators and the "rolling 12 months" showing a generally positive direction of travel, including a reduction in referrals and re-referrals for statutory services, reduced numbers of children's subject to a child protection intervention/ plan, or requiring statutory support as a Child in Need. Notably our reliance on agency Social Work capacity had reduced from circa 35/40% to circa 12/15%. A new operating mode – Signs of Safety - has been successfully launched and significant progress has been made in developing a locality based early help offer and the role out of Team Around the School.

EDUCATION AND SCHOOLS

	Year End Position				
Outturn Position £000's	**Expenditure Budget**	**Income Budget**	**Net Budget**	**Net Actual**	**Net Variance**
Education	28,930	(22,916)	6,014	6,051	(37)
Individual Schools Budgets	116,822	(116,822)	0	0	(0)

The Education outturn variance is a net position, with pressures on Special Educational Needs transport due to an increase in children eligible for statutory support and an increase in statutory work regarding Education Healthcare Plans (EHCP) Assessments, being offset by budget savings due to proactive management action including significant vacancy management.

Our Education Service has following key functions:

- Early Years – to ensure sufficient provision is available and that the quality is either good or outstanding
- School Improvement – to ensure that all education provision is either good or outstanding
- Place Planning & Admissions – to ensure we have sufficient school places and that children all have fair access to our schools
- Special Educational Needs – to ensure that all children's needs are accurately assessed at the first opportunity and they receive education provision that meets their needs and helps them to achieve their potential
- Alternative Provision– to deliver provision for children who are too ill to attend school and those who have been permanently excluded from school
- Virtual School – to fulfil our corporate parenting responsibility for children in care
- Specialist Services – to manage resources, governor services, school attendance service, elective home education, children missing education, music service

The statutory functions for which the Directorate is responsible are set out in paragraph 91 of Schools Revenue Funding 2017 to 2018. As outlined in the Schools Strategy the Council is committed delivering more assertive and systematic leadership in order to deliver these key functions. To do this well we will be a credible, effective and responsive partner for schools and central government and have an effective and engaged relationship with all our schools. Our success is dependent on mutual co-operation.

Achievements and successes in 2019/20

- Launched Tameside Loves Reading, 181 volunteers engaged in 46 schools, 2,574 books given to new mums and 1560 reading volunteer hours delivered.
- Increase in proportions of pupils achieving a good level of development at EYFS.
- Pupils made above average progress made in reading and maths between KS1 and KS2.
- Increase in the proportions of pupils achieving standard passes in English and maths at KS4.

- Increase in EET and Participation rates.
- EHC plans maintained by Tameside is 1344 , 977 in 2017 and 828 in 2016.
- The volume of plans completed in the 2018 calendar year was 348, (2017 -166) (2016- 76.)
- 83.8% of young people were placed in their 1st choice secondary school compared to 80.8% nationally.
- 91.5% of children were placed in their 1st choice primary school compared to 90.6% nationally.
- 85% of 2 year olds are benefitting from universal funded early education places – up from 73% in 2016.
- Completed Personal Education Plans for our looked after children has significantly increased.

Dedicated Schools Grant (DSG)

The dedicated schools grant is allocated through a nationally determined formula to local authorities in 4 blocks;

- Central Services Schools Block - provided to provide funding to Local Authorities to support carrying out statutory duties on behalf of schools.
- Schools Block - This is intended to fund mainstream (non-special) Schools
- High Needs Block - This is to fund Special Schools, additional support in mainstream schools for Special Educational Needs (SEND) and other SEND placements / support.
- Early Years Block -This funds the free/extended entitlement & funding of places for 2, 3 and 4 year olds in school nurseries and Private, Voluntary and Independent (PVI) Sector settings.

Prior year's dedicated schools grant is set aside in an earmarked reserve details of which are outlined in the table below for both the final year end position in 2019/20 and the projection for 2020/21.

	2019/20 Surplus / (Deficit) £000	2020/21 Forecast Surplus / (Deficit) £000
DSG Reserve Brought Forward	3,228	(557)
Schools Block	114	50
In year deficit on High Needs Block	(4,568)	(4,804)
In year surplus on Early Years	251	0
Estimated Early Years 2019-20 Adjustment (TBC June 2020)	296	
Early Years Block 2018-19 Adjustment	122	
DSG Reserve after Commitments	(557)	(5,311)

In 2019/20 there has been a reduction in the reserve, in the main this due to funding the overspend on the High Needs Block. There have been contributions to the reserve in year too, the most significant of these relating to surplus funds in the Early Years Block.

If the 2020/21 projections materialise, there would be a deficit of £5.311m on the DSG. This would mean it is likely a deficit recovery plan would have to be submitted to the DfE outlining how we expect to recover this deficit and manage spending over the next 3 years and will require discussions and agreement of the Schools Forum. The position will be closely monitored throughout the year and updates will be reported to Members.

High Needs
There was a £4.568m deficit on the high needs block in 2019/20 and a projected in-year deficit is expected in 2020/21 of £4.804m. This is after the additional funding from the £0.850m transfer from the schools block. Also, included in this figure is £2.971m of in-year growth. The financial pressures in the High Needs Block are therefore serious and represent a high risk to the Council.

The Growth projection is based on current timeline information which shows the increases in the number of Education, Health and Care Plan's (EHCP's) seen in 2019-20 is continuing to rise at a similar level in the first part of the 2020/21 financial year.

- In 2018-19 the number of plans increased by 322 from 945 to 1267.
- In 2019-20 the number of plans increased by a further 303 to 1570.
- Current projections show if plans continue to increase at current levels the number of plans issued could increase by a further 280 by the end of the 2020/21 financial year. This represents approx. cost of £2.971m in Growth..

Work has also started on the High Needs Review as identified in the SEND Implementation plan and it is expected the Growth projections will need to take aspects of this review into account, in particularly:

- The review of Top Up Rates
- Resourced and Specialist Provision across the borough
- Capacity to meet need and demand for places in special schools, Independent and Out of Borough Providers

Early Years
The Early years block is currently expected to be on target in 2020/21 however there may be significant financial pressures in this sector relating to sustainability for providers due to Covid19 closures. DfE have enabled local authorities to use the funding in this area more flexibly, however with a caveat that the Local Authority must continue to fund early year's settings for free entitlement as normal. The flexibility allows the LA to utilise its centrally held funding to support the sector if they underspend their part of the allocation. There is not sufficient information currently available to predict the impact of this at this stage. There will be an update to the Early Years DSG settlement in July 20 to reflect pupil numbers in the January 2020 census.

POPULATION HEALTH

Outturn Position £000's	Year End Position				
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
Population Health	16,262	(170)	16,092	16,259	(167)

Population health is an approach to health that aims to improve the health of the entire population and to reduce health inequities among population groups. In order to reach these objectives, it looks at and acts upon the broad range of factors and conditions that have a strong influence on our health.

Population health signals a change in the way health care is accessed, provided and utilized — a move away from reactive responses to an individual's health needs. The concept marks a fundamental shift towards outcomes-based, proactive approaches to a given population with attention directed toward larger, socially grouped needs and prevention efforts while reducing disparity and variation in care delivery.

The purpose of the Directorate is to improve and protect the health and wellbeing of people living and working in Tameside, working closely with partner organisations to understand and address the wider issues that influence people's health locally:

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

Achievements and Successes 2019/20:

- Delivery and commissioning of statutory functions for public health
- Alcohol-related admissions reducing and significantly lower than 15/16
- Alcohol-specific mortality has reduced
- Improved emergency hormonal contraception now available in pharmacies (Ellaone), which is more effective and gives women a longer time-frame to access
- Funding secured for new strategic lead post around domestic abuse
- Delivery of successful Leisure capital programme and sustainability programme for commissioned leisure trust.
- Secured additional funding for public health programmes including Physical activity (Local Pilot) and reducing problem Gambling
- Scaled up tobacco programme with successes in reduced prevalence and smoking in pregnancy
- Lead delivery of the local Maternity Transformation Programme, leading and supporting prevention initiatives designed to improve maternal and neonatal outcomes and reduce health inequalities, in support of the national maternity safety ambition, across the local NHS and Council.

OPERATIONS AND NEIGHBOURHOODS

	Year End Position				
Outturn Position £000's	**Expenditure Budget**	**Income Budget**	**Net Budget**	**Net Actual**	**Net Variance**
Operations and Neighbourhoods	78,840	(28,213)	50,627	51,170	(543)

Despite some significant savings on levies and staffing costs, the service has exceeded budget overall by £543k. This is due to a number of pressures including income shortfalls in car parking and markets, additional costs on hospital car parks, additional street lighting maintenance costs due to delays on the LED replacement scheme, and additional staff costs charged to revenue due to slippage on capital works.

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

Achievements and Successes 2019/20:

- Tameside One - new library/customer services/ welfare rights/new offices/ public realm development

- Delivery of new homelessness model - A Bed for Every Night
- Implementation of Single Regulatory Service
- Delivery of year three of four year TAMP investment
- Extraction from the Waste PFI contract and shaping future Waste Disposal Contract
- 40,000 volunteer hours in greenspace
- Gold Employer Award – Armed Forces Covenant
- Bereavement Services achieving a Gold Award – Institute of Crematorium and Cemetery Management (ICCM)
- Tour of Britain – a true team effort
- Obtaining agreement for some capital schemes
- Embankment Stabilisation - Fairlea

GROWTH

Outturn Position £000's	Year End Position: Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
Growth	40,241	(33,928)	6,313	6,916	(604)

A net overspend of £604k due to shortfalls in income, particularly for Estates and Building Control and other cost pressures. Building running costs have exceeded budget, particularly for gas and electricity. Additional costs have been incurred on keeping surplus property open for longer than anticipated, and there are shortfalls in commercial rental income due to incentive arrangements in early years.

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

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

Key Achievements and successes in 2019/20 include:

- Completed Vision Tameside Phase2 and staff decants.
- Secured Growth Deal funding for the new Ashton Bus station and interchange.
- Secured £10m MHCLG infrastructure funding for Godley Green Garden Village
- Commitment of £5m from Electricity North West (ENW) to support the development of a low carbon strategy at Godley Green Garden Village.
- Secured £100k from the governments One Public Estate Programme for masterplanning in Hyde Town Centre.
- Secured Heritage Action Zone status for Stalybridge Town Centre, together with approx. £1M government funding.
- Developed the Hattersley Public Realm Strategy and secured £4m funding from Barratts Homes for its implementation
- Secured £750,000 GM Growth Deal funding for redevelopment of Hattersley Train Station booking office.

- Attracted funding and secured planning permission for Ashton Old Baths (Phase 3) Data Centre for Tameside MBC and NHS.
- NHS Estate rationalised 6 property interests which has resulted in annual savings of £750,000.
- Development of the Ashton Town Hall project to RIBA stage 3 / 4.
- 644 new homes completed
- 100 new affordable homes completed supported by £3m of Homes England investment
- 20 empty properties brought back into use
- Launched £287k Tameside Employment Fund in May 2019 to support youth employment
- Adult Community Education achieved its highest pass rates in 3 years in 2018.
- More residents with disabilities started jobs in 2018/19, the highest level since 2014 and top quartile for the North West
- 100 young people (the highest number ever) attended our February 2019 Digital Hack.
- Facilitated transfer of Oakglade House from private sector to Housing Association ownership to accommodate children leaving care.
- Reduced the Greenbelt requirement by over 50% compared to previously proposed figures as part of the GMSF.
- Completed LEP review phase 1 and in-sourced the Estates Service.

GOVERNANCE

	Year End Position				
Outturn Position £000's	**Expenditure Budget**	**Income Budget**	**Net Budget**	**Net Actual**	**Net Variance**
Governance	74,183	(64,926)	9,257	8,835	421

Responsibility for the council's corporate functions sits within the Governance & Pensions Directorate ensuring that all decisions made by the council are carried out in accordance with the council's governance framework. The directorate provides business management, support and guidance to services within the council on legal, human resources and policy and communications issues. This internal support to frontline service ensures that they are able to deliver the aims of the Council's Corporate Plan.

Exchequer provides a Council Tax and Business Rates administration and collection function with estimated net collectable debits for 2019/20 being £111m for Council Tax and £58m for Business Rates. The service also administers Housing Benefit and Council Tax Support benefits. Both benefits are means tested. Housing Benefit provides support for housing costs for anyone on a low income and Council Tax Support provides assistance towards Council Tax payments. On average £14m a year is paid out in Council Tax Support and £73m in Housing Benefits. The service also manages a key financial system – Capita on which the administration of Council Tax, Business Rates and benefits are based. The Adults Social Care Finance function is means tested for assistance in paying adults social care costs in addition to providing an Appointee and Deputyship function for residents who are unable to manage their own finances. The Income & Collection Service raises invoices and collects monies owed for goods and services provided by the Council.

The Registration Service, also customer facing, registers all births and deaths within the borough, take notice of intended marriages and civil partnerships and conduct all civil marriages and partnerships that take place in the borough's registered venues.

Democratic Services has responsibility for running all local and national elections within the borough along with public votes on specific issues such as the EU Referendum ensuring that all are run correctly and in adherence with the law. Democratic Services provide member services to the 57 elected members also working jointly with the Executive Support Team whilst also administrating the meetings of the democracy of the council, CCG and support to the Greater Manchester Pension Fund. The Executive Support team also provide support to the senior management team within the council in addition to the corporate support to Tameside and Glossop Clinical Commissioning Group (CCG). They are also responsible for the management of information and improvement including complaints management and service improvement and directorate support.

People and Workforce Development provide support to the organisation to have a suitably skilled and knowledgeable workforce in place to ensure delivery of our organisational priorities and objectives. This includes: supporting the employment aspects of the Single Commissioning function; supporting the further development of alternative service delivery models to ensure they are fit for purpose and affordable; enabling the organisation to attract and recruit the best employees and have a workforce that is representative of the community; supporting and developing our workforce to meet career aspirations and fulfil potential; reward and retain our employees, ensuring their contributions are recognised and celebrated; inspire and support strong leadership and management to enable a vibrant, innovative and inclusive culture; enable a flexible and agile workforce that is able to work across service and organisational boundaries; and encourage and support a healthy, engaged and productive workforce and environment. The service also provides leadership, delivery and maintenance of systems that support major priority areas namely HR, finance, adults and children's.

Achievements and Successes 2019/20

Exchequer Services

- Maximising Income exercise of recovery of monies using HMRC/DWP data up to December 2019 resulted in £1.66m collected.
- Reviewed Single Person Discounts totalling £ 540k on the Council tax Base.
- Successful spend of Discretionary Housing Payment monies
- Procurement and award of contract for Single Person Discount, and NNDR Empty Property Review

Democratic Services

- Completed the annual canvass of electors for 2019.
- The successful delivery of the local, by-election and general election

Executive Support

- Service led and delivered the success Customer Service Excellence award with 100% compliance and 15 areas of compliance plus
- Corporate project management support has been given to the democratic process of elections.
- Successfully procured new information case management system which is in the process of testing in readiness for implementation early 2020
- Successfully implemented the service review

Legal Services

- Continued support to Children's Services
- Implemented a refreshed structure

HR & OD

- Significant improvement in performance of creditors function
- Upgrade to Agresso payments system successfully achieved
- Successful launch to Squad Working and Squad of Squads
- Continued delivery of the STRIVE leader/aspiring leaders
- Ongoing substantial support to Children's Improvement Plan and 7 strategic priorities
- Implementation of the national pay structure changes and local professional grade development scheme
- Review and implementation of revised employment procedures for Council and CCG

- Support to workforce elements of Health and Care Integration programme, including primary care

Policy & Communications
- Achieved Green Star (15/15) rating for engagement from NHSE
- Supported the achievement of Requires Improvement in the ILACS inspection by Ofsted
- Secured accreditation as a Cooperative Council
- Re-invigorated the Scrutiny function improving the supportive challenge to effective service development
- Supported awards via LGC, MJ,HSK, LAPF and iNetwork
- Re-developed Public Service reform agenda
- Developed Corporate Plan
- Vision Tameside design work, hoardings etc
- Tameside loves Reading launch at hospital and party (library opening)
- Take Control Campaign
- Tour of Britain comms
- Case studies on Tameside Sports awards winners
- Lantern Parade
- Learning Disability Week
- That Counts (our use of this showcased by GMCA)

FINANCE AND IT

	Year End Position				
Outturn Position £000's	**Expenditure Budget**	**Income Budget**	**Net Budget**	**Net Actual**	**Net Variance**
Finance & IT	9,188	(2,024)	7,164	5,152	2,012

Significant favourable variances across these areas have resulted from a number of one-off savings or additional sources of income. Within finance, the results of the insurance actuarial valuation in February 2020 have enabled the release of some provisions and reserves.

Finance, Audit and Risk Management

Financial Management aims to deliver consistently high quality financial support and advice to the strategic commission and our external customers and ensure that the key outcomes of an effective, efficient and economic financial management service are delivered.

The service plays a vital part in delivering some of the Strategic Commission's key Governance outcomes; the annual capital and revenue budgets and Medium Term Financial Plan update, the production of the annual accounts monthly monitoring and forecasting and treasury management are just a few examples.

The Internal Audit service provides the statutory obligations to have an effective internal audit regime for the Council and are a key part of ensuring that the Council assets and processes are adequately safeguarded.

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

Finance and Audit – Achievements and Successes in 2019/20
The integration journey between the Council and CCG finance teams continues and has enabled the integration of financial reporting to the Executive Cabinet and Strategic Commissioning Board

on a consistent basis, allowing the analysis of over £900m of spend, ensuring greater visibility as to the effectiveness of the spending decisions to maximise outcomes for residents. This has resulted in expanding the Integrated Care Fund to include all Council and CCG spending amounting to over £900m a year. Integration of the workforce continues with staff working across both Council and CCG, and with both teams learning from each other. The embedding of new staffing structures has been successful, turnover has been stabilised and vacancies gradually filled. Sickness rates are low. All senior graded staff have been supported in studying for the CIPFA Finance Business Partnering certificate, and there are 7 members of staff being supported to gain professional accountancy qualifications, and numerous others undertaking qualifications without direct support, as we continue to drive up professional standards. The team won the Innovation award at the North West Finance Skills Development awards in 2019.

Both sets of statutory accounts were produced on time, with the Council delivering to the tighter timetable to publish their accounts by the end of May, with the external audit satisfactorily concluded by the end of July. The financial accounts were both given an unqualified opinion. The Council gained an unqualified value for money opinion following the improvement in its Children's Social Services Ofsted judgement from Inadequate to Requires Improvement. Significant progress has been made in the development of a robust budget process, including a review and challenge process for savings and pressures, and consideration of the strategic commission's budget position over a 5 year period. Business case methodologies have been introduced to ensure the transparent allocation of scarce revenue and capital resources, and a £1m investment fund to unblock capacity constraints across the Strategic Commission.

Work with schools has seen a marked improvement in relationships between the Council and school colleagues. The review of PFI accounting has resulted in over £2.5m been handed back to schools to support their bottom line. More robust challenge and monitoring is also taking place to support those schools who are in deficit, and in preventing further schools from entering into deficit.

The treasury management returns increased during the year, due to a more proactive strategy aligned to better cash flow modelling meaning investments could be lengthened and returns increased. The Council took advantage of all time low interest rates to drawdown its long term borrowing requirements.

The Council's relationship with STAR procurement continues to develop, with the initial focus being on improved compliance and with the focus now shifting to a more proactive and dynamic procurement planning. A focus on social value, saw the launch of the social value portal that captures the value added by procuring with companies who invest in local supply chains and people.

The internal audit plan was successfully delivered, alongside the rolling out of GDPR training to all staff. NAFN continues to grow and develop its service offer, winning the iNetwork Innovation award for Effective Information Sharing and Security for the 'National Right To Buy Anti-Fraud Service' in 2019.

ICT

IT underpins and supports the strategic objectives of the organisation and has a fundamental role to play in improving efficiency, streamlining business processes, enabling new delivery mechanisms and underpinning transformation change programmes.

The service aims to provide

- Consistently high quality support and training for day to day operational systems.
- Fit for purpose equipment for users to make the most of the technology available
- Speedy connectivity in Council buildings.
- Robust and secure infrastructure and connectivity.
- Pro-active advice and guidance to support system implementations, upgrades and advancements.

- Pro-active advice and guidance to support service improvements and transformation change programmes.
- High quality accessible websites.

The work of the IT Service includes:

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

Achievements and Successes in 2019/20 IT:

From late 2018/19 through to July 2019 a significant proportion of IT resource was directed to the provisioning of Tameside One and then the relocation of many services into new buildings. The success of both programmes is a credit to all staff involved. The Tameside One programme involved installing/implementing 1,200km of cabling, 40 Wifi points, 350 hotdesk phones, 1,200 network/telephone points, 350 new laptops, 300 widescreen monitors, 30 printers, 24 tablets for customer self-service, a new queuing announcement system, a new citizen information portal, 33 new library pcs with touch screen monitors, a new secure guest/visitor wifi portal and the ability of both Tameside and CCG staff to seamlessly connect to their own network. The latter was a significant step forward and facilitated integrated working of both organisations.

A new room management system has been implemented, which has enabled all staff to book rooms at Tameside One and other buildings and has resulted in significant improvements and efficiencies.

The Tameside Digital Infrastructure has continued to grow throughout the year, expanding to new areas, connecting more public sector assets and buildings. A successful bid for a further £2.5m of DCMS funding will enable more duct and fibre to be installed across Hattersley, Mossley, Broadbottom, Hadfield and Glossop during the coming year. The commercialisation of this network is being delivered through the Cooperative Network Infrastructure (Formerly Tameside Digital Infrastructure Cooperative). The change in name in early 2019 and change in focus to become a national body reflects not only the ambition of the Coop, which now has 15 members including Blackpool and Manchester City Councils, but also its first successful year of trading.

Exploiting the new fibre infrastructure to transform public services across Tameside alongside being a catalyst for economic growth and social inclusion are at the heart of the new Tameside Digital Strategy. Developed in partnership with colleagues in all services across the Council and CCG, it provides singularity of vision and ambition for Tameside and Glossop which will act to coordinate decisions on the direction and use of technology across the borough and bring a focus to future investments decisions.

Another key theme of the Digital Strategy is to bring together customer contact and access to online digital public services from across the sector in Tameside into a single digital offer. This year the Council and CCG websites are being co-hosted on the same platform and managed by the Council, saving staff and external hosting fees and laying the foundations for this new “One Place” Online offer.

QUALITY AND SAFEGUARDING

	Year End Position				
Outturn Position £000's	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
Quality and Safeguarding	440	(304)	136	136	0

The Quality and Safeguarding Directorate is responsible for ensuring that the health economy meets its statutory functions to prevent, recognise and respond to all elements of abuse of all vulnerable groups. (Care Act 2014: Children Act1989:2004)
Key outputs of the safeguarding service are the following:

- To ensure that the whole health economy pays due regard to protect and support vulnerable people in all services
- To ensure that health services in Tameside and Glossop work with multi agency teams to support and enhance the overall service provision for vulnerable families

Achievements and successes in 2019/20

Quality

- Significant strengthening of the contract performance, quality assurance and governance arrangements for the monitoring of T&G Care homes. This has seen a continued improvement in the number of care homes moving from requires improvement to good and a reduction in the number of inadequate care homes. Intelligence systems in place now ensure early oversight of care homes which may require additional support and intervention from the Quality Improvement Team..
- Continued implementation of an integrated health and care approach to deliver the GM ambition to reduce gram negative Ecoli infections across the economy.
- Implementation of GP packs to support the improved update of Health Checks for people with Learning Disabilities and to reduce health inequalities for this group.
- Redesign of ICFT Contract quality and performance monitoring requirements to reflect a system approach.

Safeguarding

- Since 2018 the management of the Safeguarding Boards' adults and children functions have been amalgamated with the CCG Safeguarding Team . The teams support the functions of the safeguarding boards and ensure that there is delivery on safeguarding multi agency training.
- The services support the corporate priorities of Starting Well, Living Well and Ageing Well, Place Based Services and Vibrant Economy by ensuring that due regard is made to safeguarding of vulnerable groups whenever there is commissioning, redesigning or evaluating of services to support these priorities

Individualised Commissioning

- Continued strong financial controls programme despite the challenges of an increasing demand for NHS funding due to increase in complexity of clients
- Achievement of the two Quality Premiums for Continuing care
- National recognition of our significant reduction in long term hospital placement in Learning disabilities.
- Successful implementation of CHC Personal Health Budgets
- NHSE pilot site for Mental Health SEC 117 Personal Health Budgets

CORPORATE BUDGETS

Outturn Position £000's	Year End Position				
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
Capital and Financing	13,533	(7,986)	5,548	1,262	4,285
Contingency	4,106	(235)	3,871	127	3,744
Corporate Costs	5,673	(692)	4,981	4,751	230

In addition to service budgets, there are corporate budgets which are held to pay for corporate costs such as levies, loan debt etc. as well as the means to cope with in-year volatility. Significant favourable variances across these areas have resulted from a number of one-off savings or additional sources of income, including additional interest on cash balances.. In Capital & Financing, additional airport dividend of £2.4m in excess of budget has been received – this is not expected in future years. Contingency budgets have been released and offset overspends across other areas.

CAPITAL PROGRAMME

A three year capital programme was approved in October 2017 and since then a number of changes have been approved by Executive Cabinet to add additional schemes to the programme. Future investment plans are subject to available resources and the realisation of available capital receipts, however the current plans would see investment in excess of £200million over the four year period 2017 to 2021.

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

Service areas have spent £37.341m on capital investment in 2019/20, which is £4.672m less than the current capital budget for the year. This variation is spread across a number of areas, and is made up of a number of over/underspends on a number of specific schemes (£0.673m) less the re-profiling of expenditure in some other areas (£5.344m).

There are no significant variances where project spend is expected to significantly exceed budgeted resources, although there are some minor variations across a number of schemes. A number of variations have arisen where projected outturn is less than budget due to slippage in the delivery of the capital programme, resulting in a number of requests for re-profiling into the 2020/21 financial year.

2019/20 Capital Outturn Position	2019/20 Budget	Outturn	Outturn Variation	Slippage	Variation after Slippage
	£000	£000	£000	£000	£000

Growth					
Investment & Development	3,626	2,693	933	(933)	0
Corporate Landlord	810	933	(123)	123	0
Estates	50	0	50	(50)	0
Operations and Neighbourhoods					
Engineers	9,542	9,583	(41)	(167)	(207)
Vision Tameside	1,706	1,810	(104)	(74)	(178)
Environmental Services	896	496	400	(400)	0
Transport (Fleet)	280	381	(101)	(57)	(44)
Stronger Communities	19	11	8	(8)	0
Children's					
Education	5,958	5,406	552	(785)	(233)
Finance & IT					
Finance	3,733	1,870	1,863	(1,863)	0
Digital Tameside	3,228	1,935	1,293	(1,275)	18
Population Health					
Active Tameside	12,010	12,129	(119)	99	(19)
Adults					
Adults	155	94	61	(69)	(8)
Total	**42,013**	**37,341**	**4,672**	**(5,344)**	**(673)**

The financing of the 2019/20 Capital Outturn is determined by the Director of Finance based on planned financing and the availability of Capital Receipts. The financing of the Capital Programme seeks to maximise funding from external Grants and Contributions, and other funding sources being utilised where external funding has been exhausted. Revenue contributions to capital expenditure are minimal and tend to reflect service are contributions to scheme overspends or school contributions to capital expenditure in schools where capital grants have been fully utilised.

Resources	£000
Grants & Contributions	12,776
Revenue Contributions	848
Corporate:	
- Prudential Borrowing	12,190
- Receipts	10,059
- Reserves	1,468
Total	**37,341**

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

Funding of Capital Investment from reserves and receipts remains a significant source of funding for the Council. In the two years from 1 April 2017 to 31 March 2019, the Council funded £52.953m of capital expenditure from the Capital Investment Reserve and £7.728m from Capital Receipts.

After financing 2019/20 expenditure from £10.059m of Capital Receipts and £1.694m from the Capital Investment Reserve, the Council is left with a balance of £14.953m for future investment before any additional capital receipts.

The 2020/21 approved capital programme requires capital receipts and reserves of £18.792m to be delivered in full, before taking account of any overspends or additional budget requirements. There is a further £33.2m of earmarked schemes which are currently predicated on capital receipts or reserves.

Capital Receipts	£000s
Balance at 1 April 2019	533
2019/20 Asset Disposal Proceeds	9,791
2019/20 Asset Disposal Costs	(265)
Financing 2019/20 Capital Expenditure	(10,059)
Balance at 31 March 2020	**0**

Capital Investment Reserve	£000s
Balance at 1 April 2019	16,287
Financing 2019/20 Capital Expenditure	(1,468)
2019/20 Vision Tameside Project Costs	(226)
Balance at 31 March 2020	**14,593**

Approved schemes in 2020/21 have a total budget of £65.9m and require corporate funding from capital receipts or reserves of £18.792m before any cost pressures and scheme amendments. There is a balance on the Capital Investment Reserve at 31 March 2020 of £14.593m and therefore if the 2020/21 capital programme is to be delivered in full, planned capital receipts must be realised. The current and forecast economic conditions arising from the COVID-19 pandemic increase the risk that capital receipts may not be realised or that values will be diminished.

Approved schemes in 20/21 requiring funding from receipts or reserves include:

- Development and Investment: Ashton Town Hall Envelope works and Ashton Old Baths Data Centre. Work is in progress and contractually committed.
- Engineering Services: TAMP investment and LED Street Lighting Scheme
- Vision Tameside Public Realm and Ashton Town Centre Civic Square
- Environmental Services: Replacement of Cremators and Embankment works, both already in progress and contractually committed.
- Digital Tameside: Microsoft Licensing, essential for business continuity.
- Active Tameside: Contribution to Hyde Pool scheme.

Without further capital receipts, there is insufficient funding for the fully approved schemes and other earmarked schemes will not be able to progress. Earmarked schemes requiring funding from receipts or reserves include:

- Children’s Services Estate
- Ashton Town Hall main scheme
- TAMP Investment
- Refurbishment of Capital Assets, including contributions to Stalybridge Heritage Action Zone
- Droylsden Library
- Hyde Town Hall Roof

5) Financial Strategy: Outlook for 2020/21 and beyond

Financial performance is reported monthly and up to date financial information is available to Officers throughout the year. Additionally, the Medium Term Financial Plan (MTFP) is regularly updated and reported to Councillors and Officers. Reports are available to the public via the Council's website. The MTFP supports the Council's medium term policy and financial planning processes. Fundamentally the plan is designed to help provide a stable financial base to support savings planning. The MTFP also fits within a wider system of corporate planning.

The Medium Term Financial Plan (MTFP) is routinely refreshed throughout the year to update forecasts for known and anticipated cost pressures, savings, and funding changes. Emerging pressures are also identified through the in-year budget monitoring process and factored into future year budget forecasts.

The 2019/20 budget report included forecasts for 2019 to 2024 which identified a budget gap of £15,847k in 2020/21. This gap assumed that savings of £5,198k would be delivered over the two years 2019/20 and 2020/21, and that Children's Services expenditure would remain within its budget for 2019/20, and reduce over the following two years.

Since the approval of the 2019/20 budget, significant additional pressures have emerged which increased the forecast gap for 2020/21 and beyond. In particular, some of the planned savings for 2019/20 have not been delivered and demand for Children's Social Care services has not stabilised, but continued to grow, with the service exceeding the approved budget by £8.4m in 2019/20.

A detailed review of all budget assumptions and pressures took place over the summer of 2019. This process identified cost pressures across the services which have been reviewed and challenged by senior officers. Services were also been asked to identify efficiencies which have again been subject to review and scrutiny to ensure plans are realistic and achievable.

The Council set a balanced budget for 2020/21 in February 2020 but the budget process in the Council did not produce any meaningful efficiencies from departments and therefore relied on a number of corporate financing initiatives, including budgeting for the full estimated dividend from Manchester Airport Group, an increase in the vacancy factor and targets around increasing fees and charges income. These initiatives were risky and the impact of Covid-19 has already resulted in a £6.4m shortfall in 2020/21 as a result of no airport dividend, and significant pressures from income shortfalls.

The 2020/21 budget also drew on £12.4m of reserves to allow services the time to turn around areas of pressures. These areas were broadly, Children's Services placement costs, Children's Services prevention work (which was to be later mainstreamed and funded from reduced placement costs), shortfalls on car parking and markets income. Each of these services required on-going development work to have the impact of allowing demand to be taken out of the systems and additional income generated. There was additional investment around the IT and Growth Directorate Services, to invest in IT equipment, software and capacity and to develop strategically important sites for housing and business development, including key Town Centre masterplans. A delay in delivering the projects that the reserves were funding is likely to mean more reserves will be required in future years, placing pressure on already depleting resources, following several years of budget support from reserves.

Although the CCG delivered its QIPP target of £11m in 2019/20, the majority (£6.5m ie. 59% of core allocations) was as a result of non-recurrent means and therefore added considerable additional pressure to 2020/21. The QIPP target for 2020-21 is £12.5m (3.2% of CCG core and running cost allocations) and £3m of this target has no schemes in place to deliver these savings. A late notification in March on increased funded nursing care rates for 2020/21 and delays in delivering QIPP schemes as a result of COVID-19 will evidently exacerbate financial pressures further.

Before the impact of COVID-19, the forecast budget gap after the use of reserves and delivery of QIPP targets was as follows:

Strategic Commission Total Budget Forecasts 2020/21 - 2024/25					
	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Total Forecast Gap	**3,048**	**22,732**	**24,363**	**32,270**	**36,792**
Which includes:					
Identified QIPP Savings	(9,452)	(11,771)	(12,706)	(13,631)	(13,631)
Use of Reserves	(12,395)	(1,442)	(413)	(242)	(275)
Gap before QIPP and reserves	*24,895*	*35,945*	*37,482*	*46,143*	*50,698*

Whilst the 2019/20 outturn position reported a balanced budget overall, this was net of some significant variances in services, and as a result of some significant one-off savings and additional income. Even before the impact of COVID-19, the Strategic Commission entered the 2020/21 financial year with significant pressures in Acute, Adults, Children's Services, Operations & Neighbourhoods, and Growth. The 2019/20 outturn position included:

- £6.5m of one-off benefits to CCG budgets
- £1.5m net benefit from Waste and Transport Levy Adjustments
- £1.2m one-off benefit from insurance provision adjustments
- £2.4m of additional income from the Manchester Airport Dividend

The COVID-19 Pandemic has significant implications for the Council's financial position. Government funding has been provided which will contribute to additional costs, however the scale and significance of potential losses of income, far exceeds Government funding allocated to date. Key risk areas for the Council include:

- Investment Income – both from cash investments and more significantly from the Manchester Airport Investments
- Income from Trading – fees and charges levied for discretionary services including car parks, markets and investment properties
- Council Tax – the financial impact of the pandemic is expected to result in reduced Council Tax collection rates
- Business Rates – the economic impacts are expected to reduce collection rates as businesses struggle to pay or go out of business
- Looked After Children – potential for greater demands on services due to lockdown and delays in implementing improvement plans
- Active Tameside – closure of sites and loss of income means that Active Tameside may no longer be financial viable
- Adults Social Care – additional costs resulting from lockdown and isolation of care homes
- Delivery of planned savings – likely to be delayed as services focus on the COVID-19 response

The Government has allocated £4.5 billion nationally across both health (£1.3 billion) and Local Government (£3.2 billion) to cover increased costs as a result of COVID-19 including the funding of social care costs to facilitate early discharge from hospital in the health costs. The proportion of national funding attributable to the Tameside and Glossop economy is £13.9 million for the Council and circa £6.2 million for the CCG. The method of apportionment is different for both organisations in that the funding is directly paid to the Council but the CCG must make a retrospective claim which is funded, if approved, by changes to the monthly allocation. All costs are being stringently monitored and reported via regular information returns to NHSE&I. As a result of the command and control budget management in place and NHSE&I ensuring providers break even, it is difficult to quantify the full extent of COVID pressures in the CCG.

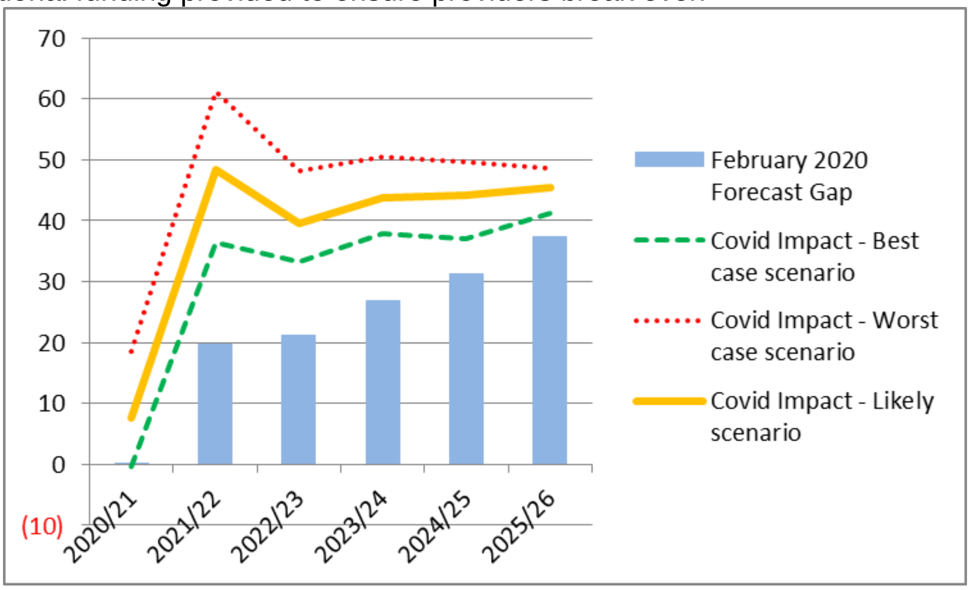
It remains difficult to accurately establish the financial impact of the pandemic at this early stage across the Strategic Commission. The full extent of additional service demands and costs are being captured, but the longer term impacts can only be forecast. Similarly, the longer term impacts on income sources can be estimated but with varying degrees of accuracy as the economic consequences of COVID-19 are currently speculative.

Initial analysis of the potential financial impacts using a best, worst and likely scenario concludes that the likely financial impact will be significant both in the current and future financial years. The government funding in 2020/21 will offset a significant proportion, but not all, of the additional costs and loss of income, however future years are expected to see a continued loss of income.

	2020/21 '£000	2021/22 '£000	2022/23 '£000	2023/24 '£000	2024/25 '£000	2025/26 '£000
February 2020 Gap	0	19,661	21,249	26,761	31,278	37,278
Covid19 Pressure:						
Best case scenario	(8,635)	34,261	31,749	37,011	36,603	41,178
Worst case scenario	41,041	58,787	45,112	48,511	48,628	48,378
Likely scenario	**5,966**	**48,741**	**36,228**	**35,513**	**38,562**	**43,194**

The likely Scenario assumes:

- Implementation of savings plans delayed until 21/22
- Additional costs and demand as currently estimated
- Additional borrowing costs incurred to fund capital investment requirements
- Airport bond interest and land rental reduced, no dividend until 2025
- Council Tax and Business Rates Collection down 10% in 2020/21
- Assumed losses in fees and charges begin to recover in 2021/22
- Additional funding provided to ensure providers break even



Even before the Covid-19 pandemic, the Strategic Commission faced a number of significant risks which could impact on 2020/21 and future years.

- **Children's Social Care**: The financial pressures in this area are the single greatest risk facing currently facing the Council. The Council has allocated significant additional investment to the directorate budget provision over recent years to support the necessary service improvements. Recurrent budget increases have been supplemented with £31.15m of additional one-off investment from reserves over the period 2017/18 to 2020/21. Whilst requesting additional investment from reserves, the medium term financial plan assumes that spending reductions can be achieved in Children's Services in the medium term as the number of placements reduces. Delivery within budget is essential to ensure the financial sustainability of the Council.

- **Education:** We continue to experience growing pressures in Local Authority funded areas including Home to School Transport and Pupil Support Services. National trends in SEN provision indicate that these pressures may well increase in future years, resulting in further financial pressures.
- **Adults Services**: The Council continues to face significant demographic and other cost pressures which present a significant challenge for future years. The five year forecast plan includes costs pressures in excess of £27m for Adults Services and any notable variation in demographic forecasts and contractual assumptions could have significant financial implications for the Council.
- **Income generation**: A number of pressures have emerged during 2019/20 due to under-recovery of income across the Growth and Operations & Neighbourhoods directorate, with particular pressures in car parking. Targeted use of reserves is planned in 20/21 to review service delivery and establish a sustainable future delivery model.
- **Highways risk management**: Changes to the highways risk management inspection regime, driven in part by a new national code and Greater Manchester Framework, has resulted in a significant increase in the number of highways inspections and consequently led to a significant increase in the number of defects identified and work required. The Council has previously approved significant Capital Investment in highways and additional grant funding has been made available in 2018/19 and 2019/20, however it is not clear whether increased levels of external funding will be sustained.
- **Fair Funding and Business Rates Reset:** Government have committed to a 'fair funding' review for Local Government resourcing for 2020 and beyond, which includes review of business rates, however timescales for the outcome of that review remain unclear, particularly in the context of Covid-19. Whilst the previous MTFP had assumed that funding reductions would continue in the medium term, indications from Government suggest that no further reductions are planned overall for Local Government as a sector. The MTFP, at this stage, therefore assumes that Local Government Funding will be sustained at current levels, but that there will be no significant increases in funding for future years. The continuing lack of certainty over the timing and outcome of the fair funding review, makes planning beyond 2020/21 extremely difficult. Any significant change to the allocation methodology for Local Government Funding could have a significant impact on the MTFP.

INTEGRATED COMMISSIONING FUND

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

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

- Streamlined governance and decision making
- Strengthening of cohesive Strategic Commission budget leadership
- Single Strategic Commission budget resource reporting
- Single accountable body for the ICF – the Council is currently the lead accountable organisation for the ICF.

- Rationalisation of any existing joint funding arrangements between the Council and CCG
- Provision of support to strategic place based service provision priorities
- Alignment to the Strategic Leadership structure
- All health and Council service resource decisions are intrinsically linked to the corporate strategic priorities.

Since the beginning of 2018/19 the Integrated Commissioning Fund reporting arrangements have been supported by a single economy wide monthly monitoring report. This single consolidated report has continued during 2019/20.

Reserves

The Council has been in a strong financial position with regard to reserves which it accumulated over a period of time. However, whilst the Council's current level of reserves remains strong, many of these are to meet known or expected liabilities and for planned investment. By the end for 2019/20 the Council has invested over £70m on Capital Projects and £37m to support investment in the revenue budget, including Children's Social Care..

As part of the budget setting for 2019/20, the Council adopted a reserves strategy, which established categories of reserve and parameters for annual review. This reserves strategy set out the following classifications for reserves:

Category	Description
Accounting reserves	This will include two sub categories: 1) Unusable reserves - those reserves required by proper accounting practice that are not resource backed. 2) General Accounting Reserves - reserves established as good accounting practice for specific accounting purposes (such as the PFI smoothing reserves and Leasing reserves)
Grants and Contributions	Reserves to hold unspent grants and contributions received from external sources.
Liabilities and Risk	Reserves held to mitigate against known and anticipated liabilities and risks. This will include for example self insurance reserves.
Capital Reserves	Capital Receipts, Capital Grants and Reserves earmarked for capital purposes. These reserves are used to finance the capital programme.
Schools Reserves	Reserves for Schools and Education expenditure, including the ring fenced schools balances.
Budget Resilience Reserves	Reserves held for planned revenue investment in services, for example reserves set aside for planned investment in Children's Services, and to provide resilience for specific services not covered by general fund balances such as the waste levy reserve.
Strategic Priorities Reserves	Reserves held for planned or intended investment in Strategic Priorities. This will include reserves such as the Care Together Reserve.

As at 31 March 2020, the Council has usable reserves of £174,159k (£169,837k at 31 March 2019). Whilst this an increase in the level of reserves overall, the increase at 31 March 2020 is temporary and due to items in excess of £24m which are already committed in future years. This includes COVID-19 grant funding received in March 2020 (£7.6m) which will be fully utilised in 2020/21,

£2.5m of the NNDR deficit reserve will be required to fund the deficit on the Collection Fund relating to NNDR, and £11.3m of Collection Fund Surplus relating to Council Tax is already committed in the MTFP to support the revenue budget over the next four years. The Council is currently forecasting a potential £5.9m overspend in 2020/21 due to the impact of COVID-19 (After the application of Covid grant funding) and this will also need to be funded from reserves in 2020/21.

6) The Financial Statements: basis of preparation, purpose and summary

BASIS OF PREPARATION

The accounts that follow have been prepared to be:

- **Relevant:** The accounts provide information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- **Reliable:** The financial information: Has been prepared so as to reflect the reality or substance of the transaction and activities underlying them; Is free from deliberate or systematic bias; Is free from material error; Is complete within the bounds of materiality.
- **Comparable:** The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ('the Code') establishes proper practice to be followed with regard to consistent financial reporting in Local Government. The financial statements have been prepared to be compliant with the code, and therefore aid comparability with other local authorities.
- **Understandable:** These accounts are based on accounting concepts, treatments and terminology that require reasonable knowledge of accounting and Local Government. However, every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary of terms.

UNDERLYING ASSUMPTIONS

The financial statements adopt the following underlying assumptions:

Accruals Basis

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

Going Concern

- The accounts have been prepared on a going concern basis, on the assumption that the Council will continue in existence for the foreseeable future.

Materiality

- Throughout the financial statements consideration has been given to the materiality (significance) of an item. Information is considered to be material if omitting it or misstating it could influence decisions that users make on the basis of the financial information.

PURPOSE AND SUMMARY

The accounting statements have been prepared to comply with the requirements of the International Financial Reporting Standards (IFRS). The main statements are shown on pages 45 - 49, and further detailed information is presented in the accompanying notes.

Comprehensive Income and Expenditure Statement (CIES)

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

The statement shows that the Council's gross expenditure on services in 2019/20 was £528.076m, but after income is included the Net Cost of Services was £222.799m. 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 £60.010m.

The deficit on the provision of Services arises because the accounts must contain a number of non-cash items in order to comply with proper accounting practice that do not need to be included in the Council's budget plans. The accounts include significant charges arising from revaluations and impairments of non-current assets charged to services, net of a reduction in service expenditure as a result of savings. The service lines within the Cost of Services section of the CIES represent the full cost of providing that service and include the non-cash items. Therefore, it should be noted that a large movement between years does not necessarily represent an increase or reduction in the level of spending in that area.

Note 1 to the CIES, the Expenditure and Funding Analysis (EFA), demonstrates to council tax payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates, and provides a reconciliation between the net expenditure reported to officers and management (£196.816m) and the Net Cost of Services in the CIES (£223.799m).

Movement in Reserves Statement (MiRS)

This statement sets out the movements in the main reserves and balances of the Council. It distinguishes between unusable reserves (which are necessary under proper accounting practice, but which cannot be spent) from usable reserves (which are cash backed and can be spent). Usable reserves are further divided into General Fund Balances, Schools Balances, Earmarked Reserves (earmarked to specific objectives), Capital Grants Unapplied, and Capital Receipts Unapplied. It is a requirement placed on all councils that the level of reserves is regularly reviewed by the Director of 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 the 31 March 2020, the MiRS shows that the Council retained General Fund Balances of £28.203m. Until 2019/20, the Director of Finance had recommended a minimum level of general fund balances at around 3% of the Council's gross annual spend. However, over time the risks facing an organisation can change and as such a more proactive risk based approach is required when setting a minimum level of reserves. For 2019/20, in the context of the increasing pressures and risks facing the Council and Local Government in general, an analysis of financial risks was undertaken to establish the required minimum level of general fund balances that should be established going forward. The analysis determined that the minimum general fund balance from 1 April 2019 should be set at £28.2m. This minimum level of balances was higher than in previous years, reflecting the increased risk profile facing the Council. Council approved this minimum level in February 2019 which was transferred from the Medium Term Financial Strategy reserve during 2019/20.

Also shown within usable reserves are £7.057m 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. This is a net balance and includes some deficit balances.

Finally, £118.474m of Earmarked Reserves are also included. These earmarked amounts are allocated to specific purposes or liabilities. Significant amounts within the earmarked reserves include reserves required legally (such as the £1.960m reserve for Health Equalities created from the unspent element of the Public Health Grant) as well as amounts set aside for future liabilities including the £14.593m Capital Investment Reserve (set aside to contribute to the capital programme), Insurance Reserves (£7.5m), the Medium Term Financial Strategy Reserve (£14.628m) set aside to fund future pressures and risks, Unspent Revenue Grants and Contributions (£12.242m), and the Care Together Reserve (£15m). A large number of the Earmarked Reserves relate to specific liabilities that individual services have identified. The full detail of these is set out in Note 11.

Balance Sheet

The Balance Sheet summarises the financial position of the Council at 31 March 2020 and shows the net worth of the Council's assets and liabilities of £146.054m. 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 £582.321m, a decrease of £5.919m from 31 March 2019.

Current Assets have increased in year. Cash and Cash Equivalents, and Short Term Investments, have both increased, partly due to £30m of borrowing undertaken in September 2019 and due to additional COVID-19 grant monies being received in March 2020.

Usable reserves have increased, although the increase at 31 March 2020 is temporary and due to items in excess of £24m which are already committed in future years. This includes COVID-19 grant funding received in March 2020 (£7.6m) which will be fully utilised in 2020/21, £2.5m of the NNDR deficit reserve will be required to fund the deficit on the Collection Fund relating to NNDR, and £11.3m of Collection Fund Surplus relating to Council Tax is already committed in the MTFP to support the revenue budget over the next four years. The Council is currently forecasting a potential £5.9m overspend in 2020/21 due to the impact of COVID-19 (After the application of Covid grant funding) and this will also need to be funded from reserves in 2020/21.

The notes to the accounts provide detailed explanations of the movements on all items within the Balance Sheet. Section 7 below provides further detail on significant transactions and balances.

Cash Flow Statement

This summarises the total movement on Cash and Cash Equivalents during the year for revenue and capital purposes. Notes 31 to 33 provide further detail on the cash movements during the year. The overall cash balance of the Council (and the balance of short term investments) has increased over the course of 2019/20 due to £30m of borrowing undertaken in September 2019 and the receipt of COVID grant monies in March 2020.

Collection Fund

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

The Collection Fund shows that the balances to carry forward as at 31 March 2020 were a £5.579m surplus relating to Council Tax (£17.003m surplus in 2018/19) and a £2.464m deficit on NDR (£0.657m deficit in 2018/19). The deficit on the NNDR side of the collection fund will be funded from the NNDR deficit reserve in 2020/21.

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 £22,035m at 31 March 2020 (£23,844m at 31 March 2019), an decrease of £1,809m during the financial year, due primarily to a reduction in the fair value of investments at 31 March 2020.

Accompanying Statements Included in the Statement of Accounts

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

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

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

7) Significant transactions and balances

Academy conversions

During the year one school converted to academy status. On conversion, the Council derecognises the assets relating to these schools as they transfer to the Academy for nil consideration. Losses on the de-recognition of assets are set out in Note 2. Disposals and de-recognitions included in note 12 include the following Academy conversion which took place during 2019/20:

- Dane Bank Primary £2.010

Capital Expenditure

As set out in section 4 above, the Council has incurred Capital Expenditure in excess of £37m during 2019/20. Capital Expenditure on Council owned assets is reflected as additions in note 12 to the Balance Sheet. Additions in 2019/20 included:

- Tameside Wellness Centre £11.6m
- Highways Infrastructure £9.4m
- Schools £4.4m

Revaluation of Property, Plant and Equipment

Property assets are revalued on a rolling programme, as a minimum every five years but in many cases more frequently, to ensure that the assets are reflected at current value on the Balance Sheet. Further information on the frequency and approach to the revaluation of assets is set out in the Accounting Policies and in Note 12 to the Balance Sheet. A significant proportion of the Council's property assets were revalued at 31 March 2020, resulting in some significant gains and losses on the values held in the Balance Sheet. The most significant valuation gains/(losses) were:

- Hyde Technology College £6.1m
- Denton Community College £2.7m
- Ravensfield Primary £2.7m
- Mossley Hollins High School £2.5m
- Tameside One (£31.2m)
- Alder High School (£2.5m)
- Tameside Wellness Centre (£2.2m)

Reserves

Usable reserves have increased, although the increase at 31 March 2020 is temporary and due to items in excess of £24m which are already committed in future years. This includes COVID-19 grant funding received in March 2020 (£7.6m) which will be fully utilised in 2020/21, £2.5m of the NNDR deficit reserve will be required to fund the deficit on the Collection Fund relating to NNDR, and £11.3m of Collection Fund Surplus relating to Council Tax is already committed in the MTFP to support the revenue budget over the next four years. £9.3m of reserves were used to support the revenue budget in 2019/20 and a further £12.4m was assumed in setting the 2020/21 budget. The Council is currently forecasting a potential £5.9m overspend in 2020/21 due to the impact of COVID-19 (After the application of Covid grant funding) and this will also need to be funded from reserves in 2020/21.

Borrowing and Other Long Term Liabilities

At 31 March 2020 the Council held borrowing with the PWLB and market lenders with a carrying value of £153.817m (£131.901m at 31 March 2019). These balances relate to borrowing that was used to finance capital expenditure in previous years. The increase in the balance held since March 2019 primarily reflects an additional £30m of borrowing taken up in September 2019. The majority of the Council's borrowing is with the Public Works Loans Board which offers concessionary rates to Local Government. These PWLB loans have fixed rates of interest and varying maturity profiles. The Council paid £16.190m in interest on its borrowings during 2019/20. Further information on borrowing can be found in notes 19 and 20.

Other long term liabilities relate mainly to the Pensions Liability (covered below) and the Private Finance Initiative (PFI) liability. PFI arrangements are a form of finance lease where responsibility for making available the property, plant and equipment passes to a PFI contractor. The Council has three PFI contracts in relation to various schools across the borough. The Council recognises the schools as assets on the balance sheet (on the same basis as other non-current assets) and a long term liability is recognised to reflect the capital cost of the asset which is repaid to the contractor over the life of the contract. Further information on the PFI schemes can be found in note 28.

Manchester Airport Group (MAG)

The Council holds a 3.22% shareholding in Manchester Airport Holdings Ltd (part of the Manchester Airport Group). The shares in this group are not traded and an external valuation is obtained on behalf of all the Greater Manchester Authorities. This valuation uses an earnings based method, which takes the profitability of the company, assessing its historic earnings and arriving at a view of 'maintainable' or 'prospective' earnings. This shareholding has been valued at £30.2m as at 31 March 2020 (£51.9m at 31 March 2019) with the reduction in value attributed to the impact of the COVID-19 pandemic on the aviation industry. The Council usually receives dividend income from this investment (£6.4m in 2019/20) - this is a key item of income in the Council's MTFS and as such the Council is highly unlikely to dispose of its shareholding.

A capital investment of £11.3m in Manchester Airport was approved by Executive Cabinet in February 2018. The investment takes the form of a shareholder loan which was advanced in two tranches during 2018/19. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget. This income has been included in the Medium Term Financial Plan approved by Council in February 2019.

In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport which will be funded by prudential borrowing. The investment has been drawn down in three tranches over the course of March (£1.8m) and April 2020 (£3.8m) with the first payment of £1.8m reflected in the Balance Sheet at cost. The investment will be valued during 2020/21 and reflected at fair value in the Balance Sheet at 31 March 2021. No income is currently assumed in the MTFP for this investment.

The COVID-19 pandemic has had a significant impact on the Aviation Industry and in April 2020 Members approved a shareholder loan of £9.6m to Manchester Airport Group in order to provide financial stability and ensure it is best-placed to react and rebuild business operations as Covid-19 restrictions are lifted. This additional loan protects the Council's investment in the Airport, which is an important strategic asset for Greater Manchester and the wider region. Whilst the expectation is that interest on loans and investments will continue to be accrued, the annual dividend is not expected to be payable for a number of years, placing a £6.4m pressure on the revenue budget.

Pensions Liability and Advance Payment of Contributions

The actuarial valuation of the Council's Local government Pension Scheme liabilities has decreased from £345m at 31 March 2019 to £278m at 31 March 2020. This is primarily due to changes to the financial assumptions used by the pension fund Actuary (Hymans Robertson) and the result of the full actuarial valuation as at 31 March 2019. The assumptions are determined by the Actuary based on professional judgement and reflect the market conditions at the reporting date.

The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. The pensions liability is calculated on an accounting basis and different methods are used in the three yearly valuation of the Fund. Both annual and tri-annual valuations consider the whole life of the fund and a horizon of 20-25 years. In this context, minor changes in assumed rates for inflation or interest can have a significant impact on the valuation of the scheme in the long term. Note 30 provides further information on the assumptions used by the actuary, including sensitivity analysis which illustrates the impact of small changes in assumptions.

Review of provisions

As part of the regular review of general provisions and provisions for the non-collection of debtor balances, there have been some significant changes to the value of provisions in the financial statements. These changes relate to:

- The insurance provision has been increased from £2.1m to £3.9m following the insurance actuarial review.
- The provision for Business Rate appeals has increased from £8.9m to £12.2m to reflect additional provision required for forecast losses on business rates as result of appeals.

Greater Manchester 100% Business Rates Retention Pilot

Greater Manchester is one of the regions piloting the full retention of Business Rates from 1 April 2017. The purpose of this Pilot is to develop and trial approaches to manage risk and reward, and to finance from additional Business Rates income new responsibilities and/or existing funding streams including those that support economic growth.

Being part of the Greater Manchester Pilot provides the Council and the Greater Manchester region with potential financial benefits with the guarantee that Authorities will not be worse off as a result of the Pilot. The ‘No Detriment’ agreement will guarantee that the resources available to the Council under the 100% Pilot will be the same as the 50% retention scheme that exists for non-pilot authorities.

As a result of the Pilot the Council did not receive the Revenue Support Grant or Public Health Grant from Government in 2019/20. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. Further information on amounts credited to the CIES are set out in Note 4.

Events after the Balance Sheet Date

There are no events after 31 March 2020 which require adjustment to the transactions and balances within these financial statements.

Significant events after the balance sheet date which will result in material transactions in the 2020/21 financial statements are as follows:

- Academy Conversions: On 1 April 2020 two schools converted to academy status. On conversion, the Council derecognises the assets relating to these schools as they transfer to the Academy for nil consideration. The Net Book Value of assets at 31 March 2020, which will be de-recognised on 1 April 2020 were £1.253m in respect of Wild Bank School and £0.116m in respect of land at St James C of E, Ashton.
- Investment in Manchester Airport: In March and April 2020, the Council completed an equity investment to the value of £5.6m in Manchester Airport. £1.8m is reflected in the 2019/20 financial statements at cost and the remaining £3.8m was transacted in April 2020. The investment will be revalued during 2020/21 and reflected at fair value in the financial statements for 2020/21.
- Shareholder loan to Manchester Airport: In July 2020, the Council (along with the other nine GM authorities) provided a shareholder loan to Manchester Airport to the value of £9.6m in order to provide financial stability and ensure it is best-placed to react and rebuild business operations as Covid-19 restrictions are lifted. This additional loan protects the Council’s investment in the Airport, which is an important strategic asset for Greater Manchester and the wider region.

Acknowledgements

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

Further Information

Further information about these accounts is available from the Director of 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:

XX July 2020

Kathy Roe
Director of Finance (Section 151 Officer)

Tameside Metropolitan Borough Council

Tameside One
Market Place
Ashton-under-Lyne
Tameside
OL6 6BH

Statement of Responsibilities

This is a signed statement by the Director of 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 2020.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Director of Finance (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Director of Finance (Section 151 Officer) Responsibilities

The Director of Finance (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 2019/20*.

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

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

The Director of Finance (Section 151 Officer) has also:

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

Director of Finance (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 201020 and its income and expenditure for the year ended 31 March 2020.

Signed: Date: xx July 2020

Kathy Roe
Director of Finance (Section 151 Officer)

Financial Statements

Financial Statements are applicable to all local authorities and comprise:

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

Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

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.

		2019/20			2018/19		
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Children's Social Care		78,432	(4,485)	73,947	56,884	(2,753)	54,131
Education		161,748	(143,840)	17,908	159,823	(146,073)	13,750
Adults' Social Care		92,182	(47,113)	45,069	89,115	(44,556)	44,559
Population Health		19,369	(145)	19,224	18,319	(129)	18,190
Quality & Safeguarding		375	(199)	176	355	(277)	78
Operations & Neighbourhoods		52,261	(6,923)	45,338	32,633	(2,031)	30,602
Growth		29,754	(19,711)	10,043	22,962	(23,299)	(337)
Finance & IT		9,999	(506)	9,493	6,580	(400)	6,181
Governance		77,777	(66,679)	11,098	83,527	(75,716)	7,811
Corporate Costs		6,179	(14,676)	(8,497)	(942)	(2,180)	(3,122)
Cost Of Services	1	**528,076**	**(304,277)**	**223,799**	**469,256**	**(297,414)**	**171,843**
Other Operating Income and Expenditure	2	38,257	(9,792)	28,465	42,204	(550)	41,654
Financing and Investment Income and Expenditure	3	32,322	(23,141)	9,181	36,901	(21,174)	15,727
Taxation and Non-Specific Grant Income	4	0	(201,435)	(201,435)	0	(195,935)	(195,935)
(Surplus) or Deficit on Provision of Services		**598,655**	**(538,645)**	**60,010**	**548,361**	**(515,073)**	**33,289**
Other Comprehensive Income and Expenditure							
Revaluation Gains	10			(12,117)			(12,772)
Remeasurement of Net Defined Benefit Liability	10			(112,644)			53,458
(Surplus)/Deficit on Revaluation of Financial Instruments	10			14,402			(467)
				(50,349)			**73,508**

Movement in Reserves Statement as at 31 March 2020

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

Restated	**General Fund Balances £000**	**Schools Balances £000**	**Earmarked Reserves £000**	**Total General Fund Balance £000**	**Capital Receipts Unapplied Account £000**	**Capital Grants and Other Contributions Unapplied Reserve £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Reserves £000**
Note	9a	9a	11	8	9b	9c	9a	10	
Balance at 31 March 2018 *	**(17,295)**	**(4,205)**	**(160,562)**	**(182,062)**	**(2)**	**(17,932)**	**(199,994)**	**30,782**	**(169,214)**
(Surplus) or Deficit on the Provision of Services **	33,289	0	0	**33,289**	0	0	33,289	0	33,289
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	40,220	40,220
Total Comprehensive Income and Expenditure	**33,289**	**0**	**0**	**33,289**	**0**	**0**	**33,289**	**40,220**	**73,509**
Adjustments between accounting basis & funding basis under regulations ***	(3,179)	0	0	(3,179)	(535)	583	(3,131)	3,131	0
Net (increase)/decrease before transfers to Earmarked Reserves	**30,110**	**0**	**0**	**30,110**	**(535)**	**583**	**30,158**	**43,351**	**73,509**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(30,110)	(3,184)	33,295	0	0	0	0	0	0
(Increase)/decrease in year	**0**	**(3,184)**	**33,295**	**30,111**	**(535)**	**583**	**30,158**	**43,351**	**73,509**
Balance at 31 March 2019 *	**(17,295)**	**(7,389)**	**(127,268)**	**(151,952)**	**(537)**	**(17,350)**	**(169,837)**	**74,133**	**(95,705)**
(Surplus) or Deficit on the Provision of Services **	60,010	0	0	60,010	0	0	60,010	0	60,010
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	(110,359)	(110,359)
Total Comprehensive Income and Expenditure	**60,010**	**0**	**0**	**60,010**	**0**	**0**	**60,010**	**(110,359)**	**(50,349)**
Adjustments between accounting basis & funding basis under regulations ***	(61,791)	0	0	(61,791)	534	(3,073)	(64,330)	64,330	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(1,781)**	**0**	**0**	**(1,781)**	**534**	**(3,073)**	**(4,320)**	**(46,029)**	**(50,349)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(9,126)	332	8,794	0	0	0	0	0	0
(Increase)/decrease in year	**(10,907)**	**332**	**8,794**	**(1,781)**	**534**	**(3,073)**	**(4,320)**	**(46,029)**	**(50,349)**
Balance at 31 March 2020 *	**(28,203)**	**(7,057)**	**(118,474)**	**(153,733)**	**(3)**	**(20,423)**	**(174,157)**	**28,104**	**(146,054)**

* 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 2020

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 2020 £000	31 March 2019 £000
Property, Plant and Equipment	12	427,555	443,076
Heritage Assets	13	17,020	17,020
Investment Properties	14	38,133	28,706
Intangible Assets	15	64	33
Long Term Debtors	18	29,028	28,056
Long Term Investments	19	70,521	71,349
Non-current Assets		**582,321**	**588,240**
Cash and Cash Equivalents	23	52,731	36,476
Short Term Investments	19	65,065	63,321
Inventories	21	1,344	572
Short Term Debtors	22	57,700	49,693
Assets Held for Sale (<1yr)	12d	538	1,230
Current Assets		**177,378**	**151,292**
Short Term Borrowing	19	(13,558)	(20,546)
Short Term Creditors	24	(55,795)	(43,479)
Short Term Provisions	26	(12,234)	(8,939)
Other Short Term Liabilities	25	(2,696)	(2,750)
Receipts In Advance (Grants and Contributions)		(2,562)	(3,078)
Current Liabilities		**(86,845)**	**(78,792)**
Long Term Borrowing	19	(141,735)	(112,093)
Long Term Provisions	26	(4,337)	(2,340)
Other Long Term Liabilities	25	(380,728)	(450,602)
Non-current Liabilities		**(526,800)**	**(565,035)**
Net Assets / (Liabilities)		**146,054**	**95,705**
Usable Reserves	9	(174,159)	(169,837)
Unusable Reserves	10	28,105	74,132
Total Reserves		**(146,054)**	**(95,705)**

The notes to the financial statements on pages 48-149 form part of this account. The financial statements on pages 42-46 were authorised for issue by the Director of Finance (Section 151 Officer) on xx July 2020.

Kathy Roe
xx July 2020
Director of Finance (Section 151 Officer)

Cash Flow Statement as at 31 March 2020

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	2019/20 £000	2018/19 £000
(Surplus) or Deficit on the Provision of Services		60,010	33,289
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(104,046)	(70,856)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	25,662	11,744
Net Cash Flows from Operating Activities		**(18,375)**	**(25,823)**
Net Cash Flows from Investing Activities	32	23,765	26,185
Net Cash Flows from Financing Activities	33	(21,645)	3,420
Net (Increase) or Decrease in Cash and Cash Equivalents		**(16,255)**	**3,782**
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	36,476	40,258
Cash and Cash Equivalents at the End of the Reporting Period	23	**52,731**	**36,476**

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

2019/20	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	56,836	270	**57,106**	16,842	73,948
Education	6,051	4,425	**10,476**	7,432	17,908
Adults' Social Care	39,321	1,472	**40,793**	4,277	45,070
Population Health	16,259	159	**16,418**	2,807	19,225
Quality & Safeguarding	135	(14)	**121**	55	176
Operations & Neighbourhoods	51,170	(27,503)	**23,667**	21,670	45,337
Growth	6,916	(10,918)	**(4,002)**	14,045	10,044
Finance & IT	5,152	2,878	**8,030**	1,462	9,492
Governance	8,836	0	**8,836**	2,263	11,099
Corporate Costs	6,140	(15,317)	**(9,177)**	679	(8,498)
Net costs of services	**196,816**	**(44,548)**	**152,268**	**71,530**	**223,799**
Other income and expenditure	(196,803)	44,548	**(152,255)**	(11,534)	(163,789)
(Surplus) or deficit	**13**	**0**	**13**	**59,996**	**60,010**

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

2018/19	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	51,810	705	**52,515**	1,616	54,131
Education	5,269	1,583	**6,852**	6,897	13,749
Adults' Social Care	40,449	1,965	**42,414**	2,147	44,561
Population Health	16,156	(118)	**16,038**	2,152	18,190
Quality & Safeguarding	45	8	**53**	25	78
Operations & Neighbourhoods	50,870	(30,957)	**19,913**	10,690	30,603
Growth	6,532	(15,835)	**(9,303)**	8,965	(336)
Finance & IT	4,140	136	**4,276**	1,904	6,180
Governance	7,067	(280)	**6,787**	1,024	7,811
Corporate Costs	4,150	(7,767)	**(3,617)**	493	(3,124)
Net costs of services	**186,488**	**(50,560)**	**135,928**	**35,913**	**171,843**
Other income and expenditure	(186,514)	50,560	**(135,954)**	(2,598)	(138,554)
(Surplus) or deficit	**(26)**	**0**	**(26)**	**33,315**	**33,289**

Opening General Fund	(17,295)
Add Surplus on General Fund Balance in Year	(26)
Less Transfer to Earmarked Reserves	26
Less Contribution to General Fund	0
Closing General Fund Balance at 31 March 2019	**(17,295)**

1a. Note to the Expenditure and Funding Analysis

2019/20	Transfers to/(from) reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	270	0	0	0	0	**270**	13,148	3,671	22	**16,842**
Education	4,713	(288)	0	0	0	**4,425**	0	7,500	(67)	**7,432**
Adults' Social Care	1,481	(8)	0	(1)	0	**1,472**	0	4,251	26	**4,277**
Population Health	164	(5)	0	0	0	**159**	2,665	140	1	**2,807**
Quality & Safeguarding	(14)	0	0	0	0	**(14)**	0	54	0	**55**
Operations & Neighbourhoods	(297)	(1,534)	(25,672)	0	0	**(27,503)**	17,513	4,132	25	**21,670**
Growth	508	205	(1,907)	(9,724)	0	**(10,918)**	13,362	678	4	**14,045**
Finance & IT	2,878	0	0	0	0	**2,878**	637	821	5	**1,462**
Governance	0	0	0	0	0	**0**	0	2,249	14	**2,263**
Corporate Costs	(21,424)	(458)	(31)	(2,172)	8,768	**(15,317)**	0	51	628	**679**
Net costs of services	**(11,721)**	**(2,088)**	**(27,610)**	**(11,897)**	**8,768**	**(44,548)**	**47,325**	**23,547**	**658**	**71,530**
Other income and expenditure	11,721	2,088	27,610	11,897	(8,768)	**44,548**	(47,325)	(23,547)	59,338	**(11,534)**
Total	0	0	0	0	0	**0**	0	0	59,996	**59,996**

2018/19	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	705	0	0	0	0	**705**	22	1,638	(45)	**1,616**
Education	1,583	0	0	0	0	**1,583**	3,346	4,085	(533)	**6,897**
Adults' Social Care	2,685	0	0	0	(720)	**1,965**	10	2,199	(62)	**2,147**
Population Health	0	(118)	0	0	0	**(118)**	2,081	74	(2)	**2,152**
Quality & Safeguarding	8	0	0	0	0	**8**	0	26	(1)	**25**
Operations & Neighbourhoods	(1,554)	(1,352)	(28,051)	0	0	**(30,957)**	8,632	2,115	(57)	**10,690**
Growth	(3,807)	(100)	(1,605)	(10,323)	0	**(15,835)**	8,616	359	(10)	**8,965**
Finance & IT	136	0	0	0	0	**136**	1,490	426	(12)	**1,904**
Governance	(280)	0	0	0	0	**(280)**	0	1,053	(30)	**1,024**
Corporate Costs	17,697	(34,973)	(31)	(4,762)	14,302	**(7,767)**	9	28	456	**493**
Net costs of services	**17,173**	**(36,543)**	**(29,687)**	**(15,085)**	**13,582**	**(50,560)**	**24,206**	**12,003**	**(296)**	**35,913**
Other income and expenditure	(17,173)	36,543	29,687	15,085	(13,582)	**50,560**	(24,206)	(12,003)	33,612	**(2,597)**
Total	0	0	0	0	0	**0**	0	0	33,316	**33,316**

1b. Expenditure and Income Analysed by Nature

Expenditure	2019/20 £000	2018/19 £000
Employee benefits expenses	215,546	196,298
Other service expenses	283,614	262,958
Depreciate amorisation and impairment	47,396	23,807
Loss on disposal of non-current assets	0	11,094
Interest payments	24,001	23,646
Precepts and levies	28,097	30,559
	598,655	**548,362**
Income		
Customer and Client Receipts	(45,219)	(41,195)
Income from Council tax and Business Rates	(174,976)	(175,672)
Government Grant Income	(265,360)	(265,877)
Other Grants Reimbursements and Contributions	(17,532)	(9,240)
Interest Income	(10,568)	(8,707)
Other Income	(24,989)	(14,382)
	(538,645)	**(515,073)**
Surplus/Deficit on provision of services	**60,010**	**33,289**

2. Other Operating Income and Expenditure

	31 March 2020			31 March 2019		
	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	28,066	0	28,066	30,529	0	30,529
(Gains)/losses on derecognition/ disposal of non-current assets	10,160	(9,792)	369	11,644	(550)	11,094
	38,257	**(9,792)**	**28,466**	**42,204**	**(550)**	**41,654**

3. Financing and Investment Income and Expenditure

	31 March 2020			31 March 2019		
	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Interest Payable and Similar Charges	16,190	0	16,190	16,184	0	16,184
Net Interest on the Net Defined Benefit Liability (Asset)	8,694	0	8,694	7,331	0	7,331
Interest receiveable and similar income	0	(757)	(757)	0	(711)	(711)
Other investment income	0	(11,337)	(11,337)	0	(8,041)	(8,041)
Trading Services	2,777	(3,484)	(707)	7,707	(8,566)	(859)
Income and expenditure in relation to Investment Properties and changes in their fair value	4,661	(7,563)	(2,903)	5,680	(3,856)	1,824
	32,322	**(23,141)**	**9,181**	**36,902**	**(21,174)**	**15,728**

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 2020 £000	31 March 2019 £000
Council Tax Income	(85,186)	(89,185)
Retained Business Rates	(50,838)	(49,894)
Business Rates Top Up	(30,124)	(36,593)
New Homes Bonus Grant	(1,541)	(1,721)
Section 31 - Business Rates Grants	(9,108)	(7,813)
Other Non Ringfenced Government Grants	(1,093)	(1,868)
Covid-19 LA Support Grant	(7,675)	0
Other Capital Grants and Contributions	(15,870)	(8,861)
	(201,435)	**(195,935)**

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.

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:

	2019/20 £000	2018/19 £000
Dedicated Schools Grant	(122,572)	(126,154)
Housing Benefit Subsidy Grant	(61,356)	(70,947)
Housing and Council Tax Benefit Administration Grar	(805)	(893)
Private Finance Initiative (PFI) Grant	(14,196)	(14,196)
Improved Better Care Fund	(11,061)	(8,776)
Better Care Fund	(11,253)	(10,969)
Adult Social Care Grant	(1,971)	(721)
Winter Pressures Grant	(1,154)	(1,154)
Independent Living Fund	(726)	(749)
Pupil Premium Grant	(7,629)	(8,022)
Physical Education & Sport Grant	(983)	(1,079)
Universal Infant Free School Meals	(1,670)	(1,983)
Teachers Pay Grant	(975)	(462)
Teachers Pension Employer Contribution Grant	(1,931)	0
Adult Education Funding	(823)	(836)
Troubled Families Grant	(516)	(516)
Pot Hole Funding Grant	0	(1,114)
Other Grants	(7,969)	(6,283)
	(247,591)	**(254,854)**
Capital Grants and Contributions		
Schools Basic Need	(4,842)	0
Local Full Fibre Network Funding	(800)	(1,975)
Highways Maintenance Grant	(1,444)	(2,514)
Schools Capital Maintenance	(1,153)	0
Other Capital Grants and Contributions	(7,630)	(4,372)
	(15,870)	**(8,861)**

6. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grants (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) (No 2) Regulations 2018 / School Finance and Early Years (England) Regulations 2020. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual schools budgets (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2019/20 are as follows::

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2019/20 before Academy recoupment	0	0	200,555
Academy figure recouped for 2019/20	0	0	(77,620)
Total DSG after Academy recoupment			**122,935**
Brought forward from 2018/19	0	0	3,228
Less: Carry forward to 2020/21 agreed in advance	0	0	1,301
Agreed budget distribution for 2019/20	**27,609**	**97,253**	**124,862**
In year adjustments	419	0	419
Final budget distribution for 2019/20	**28,027**	**97,253**	**125,280**
Actual central expenditure	29,589	0	29,589
Actual ISB deployed to schools	**0**	97,549	97,549
Carry forward to 2020/21	**(1,561)**	**(296)**	**(557)**

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:

	2019/20			2018/19		
	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000	Expen-diture £000	Turnover £000	(Surplus)/ Deficit £000
Cemeteries and Crematorium	1,373	(2,271)	(898)	1,337	(2,302)	(965)
Commercial Refuse Collection	80	(966)	(886)	414	(874)	(459)
Civil Engineering	0	0	0	5,096	(5,231)	(135)
Community Buildings	1,187	(148)	1,039	687	(76)	611
Building Control	136	(99)	37	172	(83)	89
Total	**2,776**	**(3,484)**	**(708)**	**7,706**	**(8,566)**	**(859)**

8. Adjustments Required to Comply with Proper Accounting Practice

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

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

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

Revenue expenditure funded from Capital under Statute

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

Redemption of Debt (Minimum Revenue Provision)

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

Since 1 April 2018 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision:

Borrowing taken up prior to 1 April 2015 will be provided for using a straight-line method of calculating MRP. £185.215m will be provided for in equal instalments over 50 years, which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.

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

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

The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

2019/20	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	(12,388)	0	0	12,388
Revaluation losses on Property Plant and Equipment (PPE)	(53,460)	0	0	53,460
Revaluation gains on PPE (used to reverse previous revaluation losses)	18,460	0	0	(18,460)
Movements in the market value of Investment Properties	3,123	0	0	(3,123)
Amortisation of Intangible Assets	(8)	0	0	8
Capital grant and contributions received in year	15,870	0	(8,963)	(6,907)
Revenue expenditure funded from Capital under Statute	(3,547)	0	0	3,547
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(10,160)	0	0	10,160
Insertion of items not debited or credited to the CIES:	0	0	0	0
Statutory provision for the financing of capital investment:	0	0	0	0
- Minimum Revenue Provision (MRP) for capital financing	6,753	0	0	(6,753)
- GM and Lancashire debt repayment	1,032	0	0	(1,032)
Capital expenditure charged against General Fund Balances	2,352	0	0	(2,352)
Capital grant and contributions received in previous years - applied	0	0	5,890	(5,890)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	10,061	0	(10,061)
Adjustment to Asset Register Opening Balances	3,618			(3,618)
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	9,792	(9,792)	0	0
4% disposal cost allowance	(265)	265	0	0
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	0	0	0
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	16	0	0	(16)
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(52,375)	0	0	52,375
Employer's pensions contributions and direct payments to pensioners payable in the year	20,134	0	0	(20,134)
Adjustments to Collection Fund Adjustment Account:				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	(10,706)	0	0	10,706
Adjustment to Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(32)	0	0	32
Total Adjustments	**(61,791)**	**534**	**(3,073)**	**64,330**

2018/19	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	(10,956)	0	0	10,956
Revaluation losses on Property Plant and Equipment (PPE)	(18,698)	0	0	18,698
Revaluation gains on PPE (used to reverse previous revaluation losses)	5,847	0	0	(5,847)
Movements in the market value of Investment Properties	(1,838)	0	0	1,838
Amortisation of Intangible Assets	0	0	0	0
Capital grant and contributions received in year	11,196	0	(2,807)	(8,389)
Revenue expenditure funded from Capital under Statute	(2,733)	0	0	2,733
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(11,644)	0	0	11,644
Insertion of items not debited or credited to the CIES:	0	0	0	0
Statutory provision for the financing of capital investment:	0	0	0	0
- Minimum Revenue Provision (MRP) for capital financing	6,768	0	0	(6,768)
- GM and Lancashire debt repayment	984	0	0	(984)
Capital expenditure charged against General Fund Balances	36,561	0	0	(36,561)
Capital grant and contributions received in previous years - applied	0	0	3,389	(3,389)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	0	0	0
Adjustments to Capital Receipts Unapplied Account:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	550	(550)	0	0
4% disposal cost allowance	(18)	18	0	0
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	(3)	0	3
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be	(101)	0	0	101
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(37,897)	0	0	37,897
Employer's pensions contributions and direct payments to pensioners payable in the year	18,563	0	0	(18,563)
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	(520)	0	0	520
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	757	0	0	(757)
Total Adjustments	**(3,179)**	**(535)**	**583**	**3,131**

9a Usable Reserves

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

	2019/20 £000	2018/19 £000
General Fund Balances	(28,203)	(17,295)
Schools Balances	(7,057)	(7,389)
Earmarked Reserves	(118,473)	(127,267)
Capital Receipts Unapplied Account	(3)	(536)
Capital Grants and Other Contributions Unapplied Reserve	(20,423)	(17,350)
Total	**(174,159)**	**(169,837)**

9b Capital Receipts Unapplied Account

Capital receipts (in excess of £10,000) arising from the sale of non-current assets are credited to the Capital Receipts Unapplied Account.

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

	2019/20 £000	2018/19 £000
Balance at 1 April	**(537)**	**(2)**
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(9,792)	(550)
Use of the Capital Receipts Unapplied Account to finance new capital	10,059	0
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	0	(3)
4% disposal cost allowance	265	18
Balance at 31 March	**(4)**	**(537)**

9c Capital Grants and Other Contributions Unapplied Reserve

	2019/20 £000	2018/19 £000
Balance at 1 April	**(17,350)**	**(17,932)**
Grants and contributions received in previous years - applied	5,890	3,389
Grants and contributions received in year - not applied	(8,963)	(2,807)
Balance at 31 March	**(20,423)**	**(17,350)**

10. Unusable Reserves

Unusable Reserves are those reserves that are held for accounting purposes and that the Council is not able to utilise to provide services.

As a result of changes to IFRS9 (Financial Insrutments), Financial Assets previously classified as Available for Sale have been re-categorised as Financial Assets held at Fair Value through Other Comprehensive Income. The Available for Sale Financial Instruments Reserve has been replaced with the Financial Instruments Revaluation Reserve. Further information on accounting for Financial Instruments can be found in Notes 19 and 20, and in the accounting policies in note 41.

	2019/20 £000	2018/19 £000
Revaluation Reserve	(60,515)	(50,686)
Financial Instruments Revaluation Reserve	(27,751)	(42,153)
Capital Adjustment Account	(157,777)	(176,857)
Pensions Reserve	278,993	359,396
Available For Sale Financial Instruments Reserve	0	0
Collection Fund Adjustment Account	(3,105)	(13,811)
Short Term Accumulating Compensated Absences Account	3,251	3,220
Holding in Manchester Airport Group	(5,702)	(5,702)
Financial Instruments Adjustment Account	717	734
Deferred Capital Receipts	(7)	(7)
Total	**28,105**	**74,133**

10a Revaluation Reserve

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

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

	2019/20 £000	2018/19 £000
Balance at 1 April	**(50,687)**	**(41,631)**
Upward revaluation of assets	(19,616)	(16,742)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	7,498	3,969
Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	**(12,117)**	**(12,773)**
Difference between fair value and historical cost depreciation	732	532
Accumulated gains on assets sold or scrapped	1,558	3,185
Amount written off to the Capital Adjustment Account	**2,290**	**3,717**
Balance at 31 March	**(60,515)**	**(50,687)**

10b Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- *revalued downwards or impaired and the gains are lost*
- *disposed of and the gains are realised.*

	2019/20 £000	2018/19 £000
Balance at 1 April	**(42,153)**	**0**
Transfer from Available For Sale Financial Instruments Reserve	0	(41,686)
Revaluation of investment in Manchester Airport Group (MAG)	22,500	(800)
Revaluation of investment in Inspiredspaces Tameside (Holdings 1& 2) Ltd	(8,098)	333
Surplus on revaluation of Financial Instrument Revaluation Reserve	**14,402**	**(467)**
Balance at 31 March	**(27,751)**	**(42,153)**

10c Capital Adjustment Account

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

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

	2019/20 £000	2018/19 £000
Balance at 1 April	**(176,858)**	**(157,071)**
Adjustment to Asset Register Opening Balances	(3,618)	0
Reversal of items debited or credited to the CIES:		
Charges for depreciation of non-current assets	12,388	10,956
Revaluation losses on Property, Plant and Equipment	53,460	18,698
Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(18,460)	(5,847)
Amortisation of Intangible Assets	8	0
Revenue expenditure funded from capital under statute	3,547	2,733
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	10,160	11,644
	61,103	**38,184**
Adjusting amounts written out of the Revaluation Reserve	(2,290)	(3,717)
Net written out amount of the cost of non-current assets consumed in the year	**58,814**	**34,467**
Capital financing applied in the year:		
Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(10,059)	0
Capital grants and contributions credited to the CIES that have been applied to capital financing	(6,907)	(8,389)
Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(5,890)	(3,389)
Statutory provision for the financing of capital investment charged against the General Fund	(7,785)	(7,753)
Capital expenditure charged against the General Fund and Reserves	(2,352)	(36,561)
	(32,992)	**(56,092)**
Movements in the market value of Investment Properties debited or credited to the CIES	(3,123)	1,838
Balance at 31 March	**(157,777)**	**(176,858)**

10d Pensions Reserve

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

	2019/20 £000	2018/19 £000
Balance at 1 April	**359,396**	**286,604**
Remeasurement of net defined benefit liability	(112,644)	53,458
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	52,375	37,897
Employer's pensions contributions and direct payments to pensioners payable in the year	(20,134)	(18,563)
Balance at 31 March	**278,993**	**359,396**

10e Available For Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve was used prior to the adoption of IFRS9 and contained 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 was 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.*

The Available for Sale Financial Instruments Reserve is no longer used since the adoption of IFRS9 from 1 April 2018.

	2019/20 £000	2018/19 £000
Balance at 1 April	**0**	**(41,686)**
Revaluation of investment in Manchester Airport Group (MAG)	0	0
Transfer to Financial Instruments Revaluation Reserve under IFRS 9	0	41,686
Balance at 31 March	**0**	**0**

10f 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.

	2019/20 £000	2018/19 £000
Balance at 1 April	**(13,811)**	**(14,332)**
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	10,706	520
Balance at 31 March	**(3,105)**	**(13,812)**

10g 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.

	2019/20 £000	2018/19 £000
Balance at 1 April	**3,220**	**3,977**
Settlement or cancellation of accrual made at the end of the preceding year	(3,220)	(3,977)
Amounts accrued at the end of the current year	3,251	3,220
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	**31**	**(757)**
Balance at 31 March	**3,251**	**3,220**

10h Holding in Manchester Airport Group (MAG)

This reserve represents the value of shares at the point of transfer to the Council on the winding up of Greater Manchester Council.

10i 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.

	2019/20 £000	2018/19 £000
Balance at 1 April	**734**	**633**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(16)	101
Balance at 31 March	**718**	**734**

10j 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.

	2019/20 £000	2018/19 £000
Balance at 1 April	**(7)**	**(10)**
Transfer to the Capital Receipts Unapplied Account on receipt of cash	0	3
Balance at 31 March	**(7)**	**(7)**

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 2019 £000	Net Movement 2019/20 £000	Balance at 31 March 2020 £000	Balance at 1 April 2018 £000	Net Movement 2018/19 £000	Balance at 31 March 2019 £000	Purpose of the Earmarked Reserve
Building Schools for the Future (BSF) Affordability Reserve	(7,815)	(1,211)	(9,026)	(9,703)	1,888	(7,815)	For further information please see Note 28.
Capital Investment Reserve	(16,287)	1,694	(14,593)	(39,952)	23,665	(16,287)	To be used to finance the Council's Capital Investment Programme.
Corporate Initiatives Reserve	(871)	871	0	(871)	0	(871)	To fund the implementation of projects that support the Council's cross-cutting corporate initiatives.
Early Exit Costs Reserve	(5,069)	5,069	0	(5,069)	0	(5,069)	To assist in meeting future years additional pension costs.
Earmarked Reserves with a balance at 31 March 2019 under £0.500m	(4,528)	1,012	(3,515)	(4,891)	363	(4,528)	Various
Hard Facilities Management Service Contract Reserve	(668)	36	(632)	(703)	36	(667)	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	(2,605)	646	(1,960)	(3,005)	399	(2,606)	Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination.
Health Integration Reserve	(3,980)	1,116	(2,864)	(3,348)	(632)	(3,980)	To support the development and implementation of the Care Together Programme.
Insurance Reserves	(10,231)	2,752	(7,479)	(6,228)	(4,003)	(10,231)	An estimate of claims incurred but not reported. Includes element to cover any expenditure for insurance claims.
Medium Term Financial Strategy Reserve	(22,370)	7,741	(14,628)	(37,375)	15,005	(22,370)	To support the delivery of the Medium Term Financial Strategy.
PFI Reserve	(3,255)	(77)	(3,332)	(3,222)	(33)	(3,255)	For further information please see Note 28.
School Funding Reserve	(3,295)	3,752	457	(4,294)	999	(3,295)	Balance of Education grants to be utilised on Education and School related services.
Transport Replacement Fleet Reserve	(2,648)	160	(2,488)	(2,412)	(236)	(2,648)	To fund future maintenance of vehicles procured via Prudential Borrowing.
Unspent Revenue Grant and Contribution Reserve	(8,146)	(4,096)	(12,242)	(8,487)	341	(8,146)	Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves.
Waste PFI Reserve	(6,515)	5,000	(1,515)	(6,515)	0	(6,515)	To smooth the impact of future years levy increases and associated managed collection costs.
IT Investment Fund	0	(780)	(780)	0	0	0	0
Collection Fund Reserve	(10,871)	(10,692)	(21,563)	(3,472)	(7,398)	(10,870)	Additional business rates income from the 100% retention pilot and a contingency balance to smooth the impact of unexpected deficits
Care Together	(10,800)	(4,200)	(15,000)	(10,800)	0	(10,800)	To assist any funding risks of the implementation of the Care Together Programme

	Balance at 1 April 2019 £000	Net Movement 2019/20 £000	Balance at 31 March 2020 £000	Balance at 1 April 2018 £000	Net Movement 2018/19 £000	Balance at 31 March 2019 £000	Purpose of the Earmarked Reserve
Service Improvement	(5,500)	0	(5,500)	(5,000)	(500)	(5,500)	To support one off service improvements in future to allow services to balance budgets.
Children's Services	0	0	0	(3,400)	3,400	0	To support if required future demands on Children's Services and delivery of the Children's Services Improvement Plan.
Total	**(127,267)**	**8,794**	**(118,473)**	**(160,559)**	**33,294**	**(127,265)**	

BALANCE SHEET NOTES

NON-CURRENT ASSETS (INCLUDING FINANCIAL INSTRUMENTS)

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

12. Property, Plant and Equipment

Recognition

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

Capital expenditure includes:

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

In this context, enhancement means works which are intended to:

- *Lengthen substantially the useful life of the asset, or*
- *Increase substantially the market value of the asset, or*
- *Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.*

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

A de-minimis level of £10,000 has been adopted by the Council in relation to capital expenditure.

Measurement

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

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

Disposals

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

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

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

Depreciation / Amortisation

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

All buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property.
Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur.
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.

Charges to revenue for non-current assets

The Cost of Services includes the following amounts to record the real cost of holding non-current assets throughout the year:

- *Depreciation attributable to the assets used by the relevant service*
- *Impairment losses attributable to non-current assets used by the service in excess of the balances held in the Revaluation Reserve*
- *Amortisation of Intangible Assets attributable to the service*

The Council does not raise council tax to cover depreciation, impairment loss or amortisations. The Council does, however, make an annual provision from revenue to reduce its borrowing requirement, (see note 8). Depreciation, impairment losses, amortisation and gains or losses on the disposal of non-current assets are therefore written out in the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

12a. Details of movements in Property, Plant and Equipment in 2019/20:

	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 2019	295,334	38,827	151,439	18,361	4,973	10,546	519,480	88,700
Adjustments to opening balance	326	547	0	0	38	0	911	(2,569)
Revised Balance at 1 April 2019	**295,660**	**39,374**	**151,439**	**18,361**	**5,011**	**10,546**	**520,391**	**86,131**
Additions	7,099	1,337	10,686	53	3	12,518	31,696	2,401
Revaluation increases/(decreases) recognised in the Revaluation Reserve	11,011	0	0	0	1,106	0	12,117	5,021
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(31,676)	0	0	0	(53)	(3,272)	(35,000)	4,548
Accumulated Depreciation Written Out	(13,056)	0	0	0	0	0	(13,056)	(3,742)
Derecognition/disposal of non-current assets	(5,286)	(17,663)	0	0	(3,044)	0	(25,993)	0
Assets reclassified in year	4,635	0	0	0	323	(12,850)	(7,892)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2020	**268,387**	**23,048**	**162,125**	**18,414**	**3,346**	**6,942**	**482,262**	**94,358**
Accumulated Depreciation and Impairment								
At 1 April 2019	(16,020)	(23,829)	(32,833)	(3,590)	(128)	0	(76,400)	(2,564)
Adjustments to opening balance	3,595	(535)	0	0	0	0	3,060	0
Revised Balance at 1 April 2019	**(12,425)**	**(24,364)**	**(32,833)**	**(3,590)**	**(128)**	**0**	**(73,340)**	**(2,564)**
Depreciation charge	(7,942)	(1,481)	(2,965)	0	0	0	(12,388)	(1,370)
Accumulated Depreciation Written Out	13,056	0	0	0	0	0	13,056	3,742
Assets reclassified (to)/from Investment Property	44	0	0	0	0	0	44	0
Derecognition/disposal of non-current assets	423	17,499	0	0	0	0	17,921	0
At 31 March 2020	**(6,845)**	**(8,346)**	**(35,798)**	**(3,590)**	**(128)**	**0**	**(54,707)**	**(192)**
Net Book Value								
At 31 March 2020	**261,542**	**14,702**	**126,327**	**14,824**	**3,218**	**6,942**	**427,555**	**94,166**
At 31 March 2019	**279,314**	**14,998**	**118,606**	**14,771**	**4,845**	**10,546**	**443,080**	**86,136**
Nature of asset owned at 31 March 2020								
Owned	167,376	14,702	126,327	14,824	3,218	6,942	427,555	0
Finance Lease	0	0	0	0	0	0	0	0
PFI	94,166	0	0	0	0	0	0	94,166
	261,542	**14,702**	**126,327**	**14,824**	**3,218**	**6,942**	**427,555**	**94,166**

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

	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 2018	263,246	37,856	140,447	18,308	5,017	41,813	506,687	78,432
Adjustments to prior years	0	0	0	0	0	0	0	0
Additions	4,221	2,895	9,157	37	0	21,191	37,501	106
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,748	0	0	0	25	0	12,773	10,029
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,782)	0	0	0	(69)	0	(12,851)	133
Accumulated Depreciation Written Out	(12,251)	0	0	0	0	0	(12,251)	0
Derecognition/disposal of non-current assets	(12,204)	(165)	0	0	0	0	(12,369)	0
Assets reclassified in year	52,356	(1,759)	1,835	16	0	(52,458)	(10)	0
Other movements	0	0	0	0	0	0	0	0
At 31 March 2019	**295,334**	**38,827**	**151,439**	**18,361**	**4,973**	**10,546**	**519,480**	**88,700**
Accumulated Depreciation and Impairment								
At 1 April 2018	(23,342)	(22,357)	(29,202)	(3,590)	(128)	0	(78,619)	(4,152)
Adjustments to prior year	0	0	0	0	0	0	0	0
Depreciation charge	(5,688)	(1,637)	(3,631)	0	0	0	(10,956)	(1,211)
Accumulated Depreciation Written Out	12,251	0	0	0	0	0	12,251	2,799
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	0
Derecognition/disposal of non-current assets	759	165	0	0	0	0	924	0
At 31 March 2019	**(16,020)**	**(23,829)**	**(32,833)**	**(3,590)**	**(128)**	**0**	**(76,400)**	**(2,564)**
Net Book Value								
At 31 March 2019	279,313	14,998	118,606	14,771	4,845	10,546	443,079	86,136
At 31 March 2018	239,905	15,499	111,245	14,718	4,889	41,813	428,069	74,281
Nature of asset owned at 31 March 2019								
Owned	193,175	14,998	118,606	14,771	4,845	10,546	356,941	0
Finance Lease	0	0	0	0	0	0	0	0
PFI	86,136	0	0	0	0	0	86,136	86,136
	279,311	**14,998**	**118,606**	**14,771**	**4,845**	**10,546**	**443,077**	**86,136**

12c. The effective date of revaluation for non-current assets until 2018/19 was 1 April of each financial year. In 2019/20 the date of revaluation has been revised to 31 March. An analysis of the Council's rolling programme of revaluations is set our below:

	Land and Buildings £000	Vehicles, Plant and Equipment	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Historical Cost							
Fair Value at year end:							
Valued at Historic Cost	1,284	23,047	162,126	18,414	0	6,897	211,768
31 March 2016	4,663	0	0	0	0	0	4,663
31 March 2017	10,019	0	0	0	368	0	10,386
31 March 2018	4,575	0	0	0	0	0	4,575
31 March 2019	19,976	0	0	0	708	45	20,729
31 March 2020	227,870	0	0	0	2,270	0	230,140

12d. Assets Held for Sale

	2019/20 £000	2018/19 £000
Balance at start of the year	**1,230**	**1,230**
Adjustments to opening balance	(691)	0
Revised balance at start of year	**539**	**1,230**
Assets newly classified as held for sale	0	0
Revaluation losses or gains	0	0
Assets declassified as held for sale	0	0
Disposals in year	0	0
Balance at end of the year	**539**	**1,230**

13. Heritage Assets

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

This collection of Heritage Assets has been secured over many years from a variety of sources, being mainly bequeaths, donations and long term loans. Assets acquired from these sources may have restrictions attached which govern how the assets may be managed in the future.

Statues and Other monuments are held at cost and not subject to revaluation or amortisation. Civic Regalia, Art Collections and Militaria are held based on an insurance valuation provided by an external valuer, which is updated as a minimum every five years. The latest valuation took place in 2015.

	Civic Regalia £000	Art Collection £000	Militaria £000	Statues and Other Monuments £000	Total Heritage Assets £000
Cost or Valuation					
At 31 March 2019	640	13,457	2,012	911	17,020
At 31 March 2020	640	13,457	2,012	911	17,020

14. Investment Properties

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

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

	2019/20 £000	2018/19 £000
Rental income from investment property	(1,847)	(625)
Direct operating expenses arising from investment property	2,067	899
Gains in fair value of investment property	(5,717)	(2,014)
Losses in the fair value of investment property	2,594	3,852
Net position	**(2,903)**	**2,112**

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

	2019/20 £000	2018/19 £000
Balance at start of the year	**28,707**	**30,700**
Adjustments to opening balance	327	0
Revised Balance at start of year	**29,034**	**30,700**
Additions	215	32
Movements in the fair value of investment property	3,123	(1,838)
Derecognition/disposal of non-current assets	(2,088)	(198)
Assets reclassified in year	7,850	11
Balance at end of the year	**38,133**	**28,706**

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.*

	2019/20 £000	2018/19 £000
Gross carrying amount	1,963	1,963
Adjustment to gross carrying amount	(5)	0
Revised gross carrying amount	**1,958**	**1,963**
Accumulated amortisation	(1,930)	(1,930)
adjustment to accumulated amortisation	10	0
Revised accumulated amortisation	**(1,920)**	**(1,930)**
Balance at start of the year	**38**	**33**
In year amortisation	(8)	0
Additions	33	0
Balance at end of the year	**64**	**33**

16. Capital Expenditure and Capital Financing

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

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

	2019/20 £000	2018/19 £000
Opening CFR plus PFI added in Year	**280,590**	**285,138**
Capital Investment		
Property, Plant and Equipment	31,696	37,501
Investment Properties	215	32
Revenue Expenditure Funded from Capital under Statute	3,547	2,733
Other Long Term Investments	0	11,278
Manchester Airport Investment	1,870	0
Sources of Finance		
Capital Receipts	(10,059)	0
Government Grants and Other Contributions	(12,797)	(11,778)
Capital expenditure charged against General Fund Balances	(2,352)	(36,561)
Minimum Revenue Provision	(7,785)	(7,753)
Closing CFR	**284,959**	**280,590**

Explanation of movements in year:

	2019/20 £000	2018/19 £000
Change in Underlying Need to Borrow	7,119	(1,673)
Principal Element of Finance Lease Repayments	(5)	(4)
Principal Element of PFI Lease Repayments	(2,745)	(2,871)
Increase / (decrease) in CFR	**4,369**	**(4,548)**

17. Capital Commitments

At the Balance Sheet date, the Council had four contractual commitments for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years which are shown below:

	31 March 2020 £000
Hyde Leisure Pool	3,458
Ashton Old Baths	3,195
Fleet Replacement	1,640
Replacement of Cremators	1,599
Total	**9,892**

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.

	2019/20 £000	2018/19 £000
Inspiredspaces Tameside (Holdings 1) Ltd	1,739	1,765
Inspiredspaces Tameside (Holdings 2) Ltd	3,054	3,134
Manchester Airport	21,039	19,955
Tameside Sports Trust	3,074	3,074
Other Long Term Debtors	122	128
Total	**29,028**	**28,056**

Inspiredspaces Tameside (Holdings 1) Ltd and Inspiredspaces Tameside (Holdings 2) Ltd – Loan stock held by the Council. As per the provisions of the funding agreement that the special purpose vehicles (SPV) are subject to, the Carillion Plc liquidation has resulted in a temporary 'lock down' of any distributions of dividend payments or repayment of subordinated debt owed to shareholders.The temporary 'lock down' is still in place against Inspiredspaces Tameside (Holdings2) Ltd. As a result there will be a delay to the Council receiving its payments in relation to the holding in this SPV. It is not anticipated that there will be a reduction to either the level of expected dividends or repayment of the Council's sub-ordinated debt. The temporary 'lock down' for Inspiredspaces Tameside (Holdings1) Ltd has now been removed; dividend payments and repayment of subordinated debt owed to shareholders have now resumed.

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

2055. In 2018/19 the Council advanced two further loans to Manchester Airport Group at a total value of £11.278m at an interest rate of 10%. These loans mature in 2056 and 2057.

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.

19. Financial Instruments

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

As reflected in 'the Code', accounting standards on Financial Instruments IFRS9, IAS 32 and IFRS7 cover the concepts of recognition, measurement, presentation and disclosure. The adoption of IFRS9 in 2018/19 resulted in some changes to the treatment of financial assets that are classed as financial instruments.

A financial asset or liability should be recognised in the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

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

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

- **Financial Instrument Balances**

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

Financial Assets

	31 March 2020		31 March 2019	
	Long Term £000	Current £000	Long Term £000	Current £000
Loans and Receivables Principal Amount	28,000	115,096	16,500	88,806
Adjustment for amortised cost	291	567	78	325
Amounts treated as Cash Equivalents	0	(50,598)	0	(25,810)
Financial Assets at amortised cost	**28,291**	**65,065**	**16,578**	**63,321**
Other Investments	33	0	43	0
Fair Value through Other Comprehensive Income				
Inspiredspaces Tameside (Holdings 1) Ltd	3,288	0	722	0
Inspiredspaces Tameside (Holdings 2) Ltd	6,839	0	1,306	0
Manchester Airport Group (MAG)	30,200	0	52,700	0
Manchester Airport Group (MAG) Additional Shareholding	1,870	0	0	0
Total Investments	**70,521**	**65,065**	**71,349**	**63,321**
Investments treated as Cash Equivalents	0	50,598	0	25,810
Other Cash	0	2,132	0	10,666
Debtors	29,029	23,076	28,056	20,539
Total Financial Assets	**99,551**	**140,871**	**99,405**	**120,336**

Financial Liabilities

	31 March 2020		31 March 2019	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	141,186	12,427	111,359	19,491
Adjustment for Amortised Cost	549	1,131	734	1,055
Financial Liabilities at amortised cost	141,735	13,558	112,093	20,546
Total Borrowing	**141,735**	**13,558**	**112,093**	**20,546**
Creditors	0	38,800	0	31,935
PFI, leases & transferred debt	102,736	2,796	105,435	2,745
Total Financial Liabilities	**244,471**	**55,154**	**217,528**	**55,226**

There are material changes to the Fair Values disclosed in these notes, some based on the category of their initial valuation:

• Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
• Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
• Level 3 Inputs – unobservable inputs for the asset or liability.

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them. There have been no transfers between valuation levels, additions, disposals or recognised gains or losses.

Financial Assets Measured at Fair Value

Recurring fair value measurements	Input level	Valuation Technique	31 March 2020 £'000	31 March 2019 £'000
Fair Value through Other Comprehensive Income				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see below)	3,288	722
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see below)	6,839	1,306
Manchester Airport Group (MAG)	Level 2	Market Value	30,200	52,700
Manchester Airport Group (MAG) Additional	Level 2	Market Value	1,870	0
Total			**42,197**	**54,728**

With the adapotion of IFRS9 from 1 April 2018 investments in equity are classified as Fair Value through Profit and Loss (FVPL) unless there is an irrevocable election to designate the asset as fair value through other comprehensive income.

Assets classed as FVPL are assets where the amounts received are not principal and interest. The Council's equity investments would fall within this category as income received would be in the form of dividends. The Council currently holds three equity investments; Inspiredspaces Tameside (Holding Company 1) and Inspiredspaces Tameside (Holding Company 2), both PFI holding companies, and Manchester Airport Group.

Where these equity investments are not held to trade but are held for strategic reasons the Council can choose to designate these investments as Fair Value through Other Comprehensive Income (FVOCI) rather than FVPL. The Council has taken the option to designate all three equity investments as strategic, on the grounds that these holdings are not held to trade but for strategic service or economic reasons. As a result of this any changes will have no impact on the revenue budget and any gains or losses in the value of the shareholding will be transferred to the Financial Instrument Revaluation Reserve.

Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd – The Fair values of both Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces(Holding 2) Ltd were understated by £2.8m and £5.2m respectively during the accounting period 2018/19. Adjustment were made to the 2018/19 amounts to show the correct valauations.This change in fair value is recognised in the Financial Instruments Revaluation Reserve.

MAG – The Council's shareholding in Manchester Airport Group (MAG) remains at 3.22%. These shares are not traded and an external valuation is obtained on behalf of all Greater Manchester Authorities. This valuation uses an earnings based method, which takes into account the profitability of the company, assessing its historic earnings and arriving at a view of 'maintainable' or 'prospective' earnings. The valuers have advised of a decreased of £22.5m in the fair value of the Council's shareholding during the accounting period from £52.7m at 31 March 2019 to £30.2m at 31

March 2020. 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.

	31 March 2020		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	100,496	127,087	72,226	128,278
Non PWLB Debt	53,320	69,404	59,674	90,994
Total	**153,817**	**196,490**	**131,901**	**219,272**

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 £100.4969m would be valued at £127.086m. 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 £25.117m, principal of £101.358m and accrued interest of £0.609m, totalling £127.084m.

The Council's financial assets are as follows:

	31 March 2020		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans				
Less Than 1 Year	115,663	115,663	89,138	89,138
Greater Than 1 Year	28,291	28,291	16,578	16,578
Long Term Debtors	29,029	29,029	28,056	28,056
Total Loans and Receivables	**172,984**	**172,984**	**133,771**	**133,771**

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

As at 31st March the Council held £172.984m financial assets and £153.817m financial liabilities for which Level 2 valuations will apply. All the financial assets are with Money Market Funds, Local Authorities and Notice Accounts and are held at amortised cost. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses early repayment rates to discount the future cash flows.

Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows;

	31 March 2020 £000	31 March 2019 £000
Gains or Losses on:		
Financial Assets at Fair Value Through Other Comprehensive Income	(14,401)	0
Interest Income		
Financial Assets at Amortised Cost	(3,098)	(2,406)
Financial Assets at Fair Value Through Other Comprehensive Income	(8,995)	(6,346)
Total Interest Income	**(12,093)**	**(8,752)**
Interest Expense	**16,190**	**16,184**

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 2019/20 Budget Report, which incorporates the prudential indicators, was approved by Council on 12 February 2019 and is available on the Council website. The key indicators were::

Indicator	Limit	Outturn
Ratio of financing costs to net revenue stream	5.1%	4.9%
Capital financing requirement	£182,611,267.89	£182,611,000.00
Capital expenditure in year	£93,255,000.00	£6,126,000.00
Incremental impact on capital investment decisions	£16.19	£9.54
Authorised limit for external debt	£220,355,523.85	£141,673,189.11
Operational boundary for external debt	£200,355,523.85	£141,673,189.11
Upper limit for fixed interest rate exposure	£182,611,267.89	£30,021,526.28
Upper limit for variable interest rate exposure	£60,864,335.59	(£88,605,437.04)
Upper limit for total principal sums invested for over 364 days	£30,000,000.00	£28,000,000.00

These policies are implemented by the Treasury Management team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management practices. These Treasury Management practices are a requirement of the Code and are reviewed periodically.

Credit Risk

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

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

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

- Credit ratings of Short Term F1, Long Term A- or greater. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- Domiciled in a country which has a minimum sovereign rating AA;
- UK Institutions provided with support from the UK Government.

The full Investment Strategy for 2019/20 was approved by Full Council on 27 February 2019 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 £75.590m and cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the Balance Sheet date that this was likely to crystallise.

Expected Credit Loss

Calculation of expected credit loss is a way of assessing the credit risk of investments and other financial assets and is a new requirement under IFRS9. Credit losses are recognised on either a 12 month or lifetime basis, with the 12 month method being used for assets where the risk of default remains low and is not expected to increase and the lifetime method used when the risk of default is high or expected to increase significantly.

Where the counterparty is central government or another local authority, no loss allowance is required.

The Council has assessed its assets as follows:

Asset Type	Risk Assessment	Expected Credit Loss Model	Assessment Criteria
Treasury Investments	Low	12 month	Historical default tables provided by credit rating agencies
Loans to Third Parties	Low/High	12 month/lifetime	Assets to be assessed on an individual basis using external ratings, economic conditions, and internal assessment of risk level of counterparty

Following an assessment of the Council's investments it has been determined that there is no material expected credit loss and therefore no allowance has been made.

A summary of the credit quality of the Council's financial assets is below.

Treasury Deposits	Amount at 31 March 2020 £000	Credit Rating	Historical experience of default %	Estimated maximum exposure to default £000
Banks and Financial Institutions				
Insight-MMF	7,460	AAA	0.04	3
Federated-MMF	13,130	AAA	0.04	5
AAM-MMF	15,000	AAA	0.04	6
Morgan Stanley-MMF	15,000	AAA	0.04	6
Goldman Sachs-MMF	10,000	A	0.05	5
Bank of Scotland-MMF	5,000	A+	0.02	1
Barclays	10,000	A+	0.02	2
Total	**75,590**			**28**
Other Local Authorities	67,500	N/A	N/A	0
Total	**143,090**			**28**

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

The Council does not generally allow credit for its trade debtors. Debt is impaired in line with IFRS9 based on knowledge and experience of past debts and current conditions. At the Balance Sheet date a balance of £9.927m net of impairment was outstanding and is analysed by age below:

	31 March 2020 £000	31 March 2019 £000
Less than three months	0	3,765
Three to four months	376	249
More than four months	9,551	4,715
Total	**9,927**	**8,728**

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 2020 £000	31 March 2019 £000
Less than one year	115,096	88,806
Greater than one year	28,000	16,500
Total	**143,096**	**105,306**

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 2020 £000	31 March 2019 £000
Less than one year	15	0	12,424	19,491
Between one and two years	15	0	359	350
Between two and five years	30	0	4,801	4,983
Between five and ten years	40	0	3,550	3,550
More than ten years	100	50	132,475	102,475
Total			**153,610**	**130,850**

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 2020 £000	31 March 2019 £000
Decrease in the fair value of fixed rate borrowings liabilities (no impact on CIES)	60,330	36,691

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 £32.587m.

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 £30.2m. 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.

	2019/20 £000	2018/19 £000
Balance outstanding at start of year	572	425
Purchases	1,541	1,313
Recognised as an expense in the year	(770)	(1,165)
Balance outstanding at year end	**1,344**	**573**

22. Short Term Debtors

Short Term Debtors comprise amounts due to the Council that are not investments and that have not been received at the Balance Sheet date.

Debt is impaired in line with IFRS9 based on knowledge and experience of past debts and current conditions. Assessment is made based on the risk of the debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated based on historical loss experience, credit rating for a debtor and other impacting factors. The impairment is charged against the relevant service line in the CIES.

	2019/20 £000	2018/19 £000
Central Government Bodies	5,481	4,960
NHS Bodies	266	59
Other Local Authorities	288	182
Other Entities and Individuals	55,905	56,771
Public Corporations and Trading Funds	0	0
Allowance for Bad or Doubtful Debts	(12,604)	(15,685)
	49,336	**46,287**
Capital Debtors	1,133	713
Payments In Advance	7,199	2,661
Transferred Services	32	32
Total	**57,700**	**49,693**

23. Cash and Cash Equivalents

Cash and Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council has deemed that deposits held within money market funds are categorised as cash equivalents.

	2019/20 £000	2018/19 £000
Cash held by the Council	6	21
Short Term Investments	50,598	25,810
Bank Current Accounts	2,127	10,645
Bank Overdraft	0	0
Total	**52,731**	**36,476**

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.

	2019/20 £000	2018/19 £000
Central Government Bodies	(3,905)	(6,525)
NHS Bodies	(70)	(136)
Other Local Authorities	(762)	(436)
Other Entities and Individuals	(36,462)	(27,639)
Public Corporations and Trading Funds	1,501	(475)
Total	**(39,698)**	**(35,211)**
Capital Creditors	(1,443)	(821)
Deposits and Receipts in Advance	(11,403)	(4,227)
Short Term Accumulating Compensated Absences	(3,251)	(3,220)
Total	**(55,795)**	**(43,479)**

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
2019/20				
Pension Liability	30	(278,987)	0	(278,987)
PFI	28	(96,873)	(2,691)	(99,564)
Finance Leases	27	(2,600)	(5)	(2,605)
Former Transferred Debt		(2,232)	0	(2,232)
Rent Deposit on Leased Buildings		(37)	0	(37)
Total		**(380,728)**	**(2,696)**	**(383,425)**
2018/19				
Pension Liability	30	(345,134)	0	(345,134)
PFI	28	(99,564)	(2,745)	(102,309)
Finance Leases	27	(2,604)	(5)	(2,609)
Former Transferred Debt		(3,263)	0	(3,263)
Rent Deposit on Leased Buildings		(37)	0	(37)
Total		**(450,602)**	**(2,750)**	**(453,353)**

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. Further information can be found on pages 203-207.

26. Provisions

Provision has been made in the Balance Sheet for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES.

	Business Rate Appeals £000	Insurance Fund £000	Other Provisions £000	Total £000
Balance at 1 April 2019	**(8,939)**	**(2,074)**	**(266)**	**(11,279)**
Additional provisions made in the period	(3,834)	(1,892)	(118)	**(5,844)**
Provision - written back	0	0	0	**0**
Amounts used	539	0	13	**552**
Provision Balance at 31 March 2020	**(12,234)**	**(3,966)**	**(371)**	**(16,571)**
Long Term Provision	0	(3,966)	(371)	**(4,337)**
Short term Provision	(12,234)	0	0	**(12,234)**
Total	**(12,234)**	**(3,966)**	**(371)**	**(16,571)**

The provision for Business Rate Appeals is required for forecast losses on business rates as a result of appeals.

The Insurance fund mainly covers the third party and employer's liability claims that are settled for amounts less than the excess on the policy for that year. External insurers continue to cover claims for amounts above the excess. The level of insurance provision and reserve is based on an assessment undertaken by an independent external insurance actuary.

27. Leases

The Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments. This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

Finance Leases

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee. Tests to give an indication of the transfer of risk and reward are:

- *If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)*
- *If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised*
- *If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:*
    - *The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.*
    - *The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*
- *At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:*
    - *Fair value of the leased asset is assessed by a RICS qualified valuer.*
    - *The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.*
    - *If this rate cannot be determined the incremental borrowing rate applicable for that year is used.*
    - *The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.*

- *The leased assets are of such a specialised nature that only the lessee can use them without major modifications.*
- *If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.*
- *Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).*
- *The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.*

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

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:

	2019/20 £000	2018/19 £000
Other Land and Buildings	0	0
Total	**0**	**0**

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:

	2019/20 £000	2018/19 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	(5)	(5)
- non-current	(2,600)	(2,604)
Finance costs payable in future years	(18,949)	(19,197)
Minimum lease payments	**(21,554)**	**(21,806)**

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

	Minimum Lease Payments 2019/20 £000	Finance Lease Liabilities 2019/20 £000	Minimum Lease Payments 2018/19 £000	Finance Lease Liabilities 2018/19 £000
Not later than one year	(256)	(5)	(256)	(5)
Later than one year and not later than five years	(1,025)	(24)	(1,025)	(22)
Later than five years	(20,273)	(2,576)	(20,525)	(2,582)
	(21,554)	**(2,605)**	**(21,806)**	**(2,609)**

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:

	2019/20 £000	2018/19 £000
Not later than one year	7	2
Later than one year and not later than five years	1	4
	8	**6**

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

	2019/20 £000	2018/19 £000
Minimum lease payments	10	11

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:

	2019/20 £000	2018/19 £000
Not later than one year	921	979
Later than one year and not later than five years	3,395	3,509
Later than five years	63,926	63,912
	68,242	**68,400**

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

PFI and similar schemes are accounted for in a manner that is consistent with the adaptation of IFRIC 12 Service Concession Arrangements. They are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all non-current assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement (CIES) as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable Cost of Services within the CIES. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as revenue grants and included in Cost of Services within the CIES.

General

The Council has entered into three PFI contracts to construct, finance, maintain and operate various schools across the Borough. These contracts are:

- Hattersley Schools PFI Project;
- Inspiredspaces Tameside (Project Co 1) Ltd;
- 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 in 1 April 2001 prices. 44% of the unitary charge is subject to inflation at RPI which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

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

The Council does not hold an equity share in this 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 in 1 April 2008 prices. 40% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this 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 in 1 April 2010 prices. 27% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this 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;
- Accumulation of interest, equity returns and directors fees.

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

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

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Cost or Valuation				
1st April 2018	19,695	26,820	42,186	88,701
Additions	0	0	0	0
Revaluation losses	(752)	1,334	5,078	5,659
At 31 March 2019	**18,943**	**28,154**	**47,264**	**94,360**
Accumulated Depreciation and Impairment				
At 1st April 2018	(387)	(482)	(1,695)	(2,563)
Depreciation charge	0	(536)	(844)	(1,380)
Revaluation losses	387	482	1,516	2,385
At 31 March 2019	**0**	**(536)**	**(1,023)**	**(1,559)**
Net Book Value				
At 31 March 2019	18,943	27,618	46,241	**92,801**
At 31 March 2018	19,308	26,338	40,491	**86,138**

Details of the comparative movements in PFI assets are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Cost or Valuation				
1st April 2018	16,589	22,638	39,207	78,434
* Adjustment to correct opening balance	(234)	1	(2)	(235)
Revised 1 April 2018	16,355	22,639	39,205	78,199
Additions	0	0	0	0
Revaluation losses	3,339	4,182	2,981	10,502
At 31 March 2019	**19,695**	**26,820**	**42,186**	**88,701**
Accumulated Depreciation and Impairment				
At 1st April 2018	(690)	(1,209)	(2,254)	(4,153)
* Adjustment to correct opening balance	40	(29)	370	381
Revised 1 April 2018	(650)	(1,238)	(1,885)	(3,772)
Depreciation charge	(353)	(453)	(784)	(1,590)
Revaluation losses	616	1,209	974	2,799
At 31 March 2019	**(387)**	**(482)**	**(1,695)**	**(2,563)**
Net Book Value				
At 31 March 2019	19,308	26,338	40,491	**86,138**
Adjusted1 April 2018	15,705	21,401	37,320	**74,427**
At 31 March 2018	15,899	21,429	36,953	**74,281**

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

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Liability outstanding at 1 April 2019	(12,027)	(33,144)	(57,138)	(102,310)
Payments made During the year	337	814	1,594	2,745
Liability outstanding at 31 March 2020	**(11,690)**	**(32,331)**	**(55,544)**	**(99,565)**
Short term Finance Lease liability (2020-21)	(335)	(836)	(1,520)	(2,691)
Long term finance lease liability (Future Years)	(11,355)	(31,495)	(54,024)	(96,874)
	(11,690)	**(32,331)**	**(55,544)**	**(99,565)**

Details of comparative movements in PFI liabilities are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Liability outstanding at 1 April 2017	(12,538)	(34,052)	(58,590)	(105,181)
Payments made During the year	511	908	1,452	2,871
Liability outstanding at 31 March 2018	**(12,027)**	**(33,144)**	**(57,138)**	**(102,310)**
Short term Finance Lease liability (2018-19)	(337)	(814)	(1,594)	(2,745)
Long term finance lease liability (Future Years)	(11,689)	(32,331)	(55,544)	(99,564)
	(12,026)	**(33,144)**	**(57,138)**	**(102,309)**

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 2020		31 March 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
PFI Liabilities	99,565	172,593	102,310	185,960
Total PFI Liabilities	**99,565**	**172,593**	**102,310**	**185,960**

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

	Payments					Indexation	Contract Expiry
	Liability	Finance	Contingent	Service	Total		
Pyramid Schools (Tameside)							
Payments within 1 year	335	1,253	485	1,632	3,706	RPI	2033
Payments within 2 to 5 years	2,216	4,587	2,411	6,116	15,330		
Payments within 6 to 10 years	5,029	3,916	3,988	7,691	20,623		
Payments within 11 to 15 years	4,111	908	2,697	4,909	12,625		
	11,690	**10,664**	**9,582**	**20,348**	**52,284**		
Inspiredspaces Tameside (ProjectCo1) Limited							
Payments within 1 year	836	2,918	649	2,467	6,870	RPIX	2036
Payments within 2 to 5 years	5,152	10,724	3,325	9,299	28,501		
Payments within 6 to 10 years	8,708	10,407	5,366	14,538	39,019		
Payments within 11 to 15 years	12,173	6,022	6,762	18,514	43,471		
Payments within 16 to 20 years	5,463	269	2,498	4,587	12,817		
	32,331	**30,340**	**18,600**	**49,406**	**130,677**		
Inspiredspaces Tameside (ProjectCo2) Limited							
Payments within 1 year	1,520	5,517	653	3,178	10,867	RPIX	2038
Payments within 2 to 5 years	7,694	20,503	3,286	13,416	44,900		
Payments within 6 to 10 years	13,121	20,534	5,441	21,378	60,474		
Payments within 11 to 15 years	19,434	13,020	7,119	26,287	65,860		
Payments within 16 to 20 years	13,775	2,338	4,304	13,112	33,529		
	55,544	**61,911**	**20,802**	**77,372**	**215,629**		

29. Pension Schemes Accounted for as Defined Contribution Schemes

<u>Pensions Costs</u>
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 2019/20 the Council paid £8.835m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£7.100m in 2018/19). These contributions are based on a national rate of 23.68% from September 2019 this financial year, this is an increase of 7.2% from last years 18/19 percentage of 16.48%.

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 2019/20 these costs amounted to £1.713m (£1.748m in 2018/19). 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 2019/20, the Council paid £0.039m (£0.035m in 2018/19) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. These contributions are based on a national rate of 14.3% 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 2019/20.

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 which is administered by the Council and operates in accordance with the rules of the Local Government Pension Scheme. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2019/20 the Council paid an employer's contribution of £17.017m (£15.407m in 2018/19) into the Fund representing 19.8% (19.8% in 2018/19) of pensionable pay. The Council also paid £1.446m in 2018/19 (£1.452m in 2017/18) for pension payments relating to added years that it has awarded, together with related increases for these representing 1.9% (1.9% in 2017/18) of pensionable pay.

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

<u>Transactions Relating to Post-employment Benefits</u>

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:

	2019/20 £000	2018/19 £000
Service Cost		
- Current service costs	38,627	30,225
- Past service costs (including curtailments)	5,054	341
Total Service Cost	43,681	30,566
Financing and Investment Income and Expenditure		
- Interest income on scheme assets	(23,572)	(25,226)
- Interest cost on defined benefit obligation	32,266	32,557
Total Net Interest	8,694	7,331
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**52,375**	**37,897**
Remeasurements of the Net Defined Liability		
- Return on plan assets excluding amounts included in net interest	101,271	(44,257)
- Actuarial losses arising from changes in demographic assumptions	(37,895)	0
- Actuarial losses arising from changes in financial assumptions	(92,824)	97,267
- Other experience	(83,196)	448
Total Remeasurements Recognised in Other Comprehensive Income and Expenditure	**(112,644)**	**53,458**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(60,269)**	**91,355**
Movement in Reserves Statement		
- Reversal of net charges made to the surplus or deficit on provision of services	(52,375)	(37,897)
- Employers' Contribution payable to the scheme	20,134	18,563

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:

	2019/20 £000	2018/19 £000
Fair value of emloyers assets	889,895	992,523
Present value of funded liabilities	(1,132,619)	(1,294,569)
Present value of unfunded liabilities	(36,269)	(43,097)
Net liability arising from Defined Benefit obligation	**(278,993)**	**(345,143)**

Reconciliation of the Movements in Fair Value of Scheme Assets:

	2019/20 £000	2018/19 £000
Opening fair value of scheme assets	**992,523**	**947,811**
Interest income	23,572	25,226
Remeasurement gain	0	0
- Return on plan assets excluding amounts included in net interest	(101,271)	44,257
Contributions from employer	(30,554)	4,307
Contributions from employees into the scheme	5,625	4,987
Benefits paid	0	(34,062)
Closing fair value of scheme assets	**889,895**	**992,526**

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

	2019/20 £000	2018/19 £000
Opening fair value of scheme liabilities	**(1,337,666)**	**(1,205,903)**
Current service cost	(38,627)	(30,225)
Interest cost	(32,266)	(32,557)
Contributions from scheme participants	(5,625)	(4,987)
Remeasurement gain	0	0
- Actuarial losses arising from changes in financial assumptions	92,825	(97,267)
- Actuarial losses arising from changes in demographic assumptions	37,896	0
- Other experience	83,197	(448)
Past service cost	(5,054)	(341)
Benefits paid	36,432	34,062
Closing fair value of scheme liabilities	**(1,168,888)**	**(1,337,666)**

Fair Value of Employer Assets:

Asset Category	31 March 2020				31 March 2019			
	Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%	Quoted Prices in Active Markets £000	Prices Not Quoted in Active Markets £000	Total £000	%
Equity Securities:								
Consumer	80,790	0	80,790	9%	54,821	0	54,821	6%
Manufacturing	68,352	0	68,352	8%	57,357	0	57,357	6%
Energy and Utilities	51,169	0	51,169	6%	55,776	0	55,776	6%
Financial Institutes	98,904	0	98,904	11%	78,548	0	78,548	8%
Health and Care	40,126	0	40,126	5%	29,308	0	29,308	3%
Information Technolo	35,694	0	35,694	4%	17,720	0	17,720	2%
Other	18,565	0	18,565	2%	10,875	0	10,875	1%
Debt Securities:								
Corporate Bonds (investment grade)	33,652	0	33,652	4%	37,124	0	37,124	4%
Corporate Bonds (non-investment grade)	0	0	0	0%	0	0	0	0%
UK Government	0	0	0	0%	6,536	0	6,536	1%
Other	28,701	0	28,701	3%	25,174	0	25,174	3%
Private Equity:								
All	0	45,943	45,943	5%	0	46,483	46,483	5%
Real Estate:								
UK Property	0	37,496	37,496	4%	0	47,142	47,142	5%
Investment funds and Unit Trusts:								
Equities	89,293	0	89,293	10%	224,369	0	224,369	23%
Bonds	102,751	0	102,751	12%	123,461	0	123,461	12%
Infrastructure	0	43,173	43,173	5%	0	47,583	47,583	5%
Other	22,316	78,855	101,171	11%	19,341	85,611	104,952	10%
Derivatives:								
Other	0	0	0	0%	503	0	503	0%
Cash and Cash Equivalents:								
All	14,116	0	14,116	2%	24,791	0	24,791	2%
Totals	684,427	205,468	889,895	100%	765,704	226,819	992,523	100%

The GMPF does not formally account for each employer's assets separately and therefore the Tameside share of the assets does not have any authority specific risks. Further information on the risks associated with the GMPF can be found in the Funding Strategy Statement on the GMPF website. The Tameside membership is not considered to have any particular demographic factors which expose the authority to specific risks.

b. Basis for Estimating Assets and Liabilities

The Council's liabilities in respect of the Greater Manchester Pension Fund have been assessed under IAS19 (Employee Benefits) by Hymans Robertson, an independent firm of actuaries, using the projected unit credit method. The liabilities have been estimated based on the results of the Fund's 31 March 2019 actuarial variation.

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

	2019/20	2018/19
Mortality assumptions *		
Longevity at 65 for current pensioners:		
Men	20.5 years	21.5 years
Women	23.1 years	24.1 years
Longevity at 65 for future pensioners:		
Men	22.0 years	23.7 years
Women	25.0 years	26.2 years
Rate of inflation	1.90%	2.50%
Rate of increase in salaries	2.70%	2.60%
Rate of increase in pensions	1.90%	2.50%
Rate for discounting scheme liabilities	2.30%	2.40%

* 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 2019	Approximate % change to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	9%	108,307
0.5% increase in the Salary Increase Rate	1%	10,266
0.5% increase in the Pension Increase Rate	8%	97,118

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 effieciency of the Fund.

The most recent actuarial valulation of the Greater Manchester Pension Fund (the Fund) was as at 31 March 2019. A copy of the valuation report can be found on the the GMPF website. The actuarial valuation at 31 March 2019 valued the Fund's assets at £23,844m, and liabilities at £23,314m, resulting in a small surplus of £529m. This funding level means that the Fund assets were sufficient to meet 102% of the liabilities (the present value of promised retirement benefits) accrued to 31 March 2019.

GMPF's funding target for most ongoing employers is a "funding level" of 100% at the end of an appropriate time horizon, calculated using the Actuary's ongoing funding basis. The funding level is the ratio of the value of assets compared to the present value of the expected cost of meeting the accrued benefits. Further information on target funding levels and calculation of contribution rates can be found in the Funding Strategy Statement 2020 on the GMPF website. As at the date of the most recent valuation, the duration of the Council's funded liabilities is 20 years.

The Council made an advance payment of employer pension contributions totalling £42.768m for the three years 1 April 2017 to 31 March 2020. Further details can be found in the report to Executive Cabinet on 8 February 2017. In April 2020, the Council made a further advance payment of employer pension contributions totalling £52.7 Million for the three years 1 April 2020 to 31 March 2023. Further details can be found in the Budget report to Full Council on 25 February 2020.

The Council's share of Fund assets is rolled forward by the actuary from the latest formal valuation date (31 March 2019). The roll forward amount is then adjusted for investment returns, contributions paid in and benefits paid out by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund at 31 March.

CASH FLOW STATEMENT NOTES

31. Operating Activities

The cash flows for operating activities include the following items:

a) Adjust net surplus or deficit on the provision of services for non-cash movements	2019/20 £000	2018/19 £000
Depreciation and amortisation of non-current assets	(12,396)	(10,956)
(Increase)/Decrease in inventories	772	147
(Increase)/Decrease in Creditors	(10,668)	(7,484)
Increase/(Decrease) in Debtors	8,455	2,387
Pensions Liability	(32,241)	(19,334)
Revaluation Losses	(31,383)	(12,851)
Carrying value on disposal of non-current assets	(10,160)	(11,644)
Other non-cash adjustments	(16,425)	(11,121)
	(104,046)	**(70,856)**

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2019/20 £000	2018/19 £000
Proceeds from the sale of non-current assets	9,792	550
Capital grants received	15,870	11,194
	25,662	**11,744**

c) Interest received, interest paid and dividends received	2019/20 £000	2018/19 £000
Interest received	(2,567)	(2,357)
Interest paid	16,424	16,195
Dividends received	(7,557)	(5,635)
	6,301	**8,203**

32. Investing Activities

	2019/20 £000	2018/19 £000
Purchase of property, plant and equipment, investment property and intangible assets	31,289	41,633
Pension contributions advanced payment	0	0
Purchase of short term and long term investments	83,871	86,577
Other movements in investing activities	1,084	11,278
Proceeds from the sale of non-current assets	(9,792)	(553)
Proceeds from short term and long term investments	(69,000)	(101,000)
Other receipts from investing activities	(13,687)	(11,750)
Net cash flows from investing activities	**23,765**	**26,185**

33. Financing Activities

	2019/20 £000	2018/19 £000
Cash receipts of short term and long term borrowing	(30,000)	(130)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,696	2,754
Repayments of short term and long term borrowing	7,346	966
Billing Authority - Council Tax and NDR adjustments	(1,687)	(170)
Net cash flows from financing activities	**(21,645)**	**3,420**

33a. Reconciliation of liabilities arising from financing activities

	01-Apr-19	Financing cash flows	Non-cash changes		31-Mar-20
			Acquisition	Other non-cash changes	
	£000	£000	£000	£000	£000
Long-term borrowing	(112,093)	(29,642)	0	0	(141,735)
Short-term borrowings	(20,546)	6,988	0	0	(13,558)
Lease Liabilities	(2,605)	5	0	0	(2,600)
On balance sheet PFI liabilities	(99,564)	2,688	0	0	(96,876)
Total liabilities from financing activities	**(234,808)**	**(19,961)**	**0**	**0**	**(254,769)**

34. Member's Allowances

	2019/20 £000	2018/19 £000
Payments to Members	1,191	1,164

35. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require General Fund Balances to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Exit package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0-£20,000	0	0	34	34	34	34	204	175
£20,001-£40,000	0	0	3	3	3	3	82	75
£40,001-£60,000	0	0	0	0	0	0	0	0
£60,001-£80,000	0	0	0	1	0	1	0	60
Total	**0**	**0**	**37**	**38**	**37**	**38**	**285**	**311**

36. Officer's Remuneration

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

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

(i) The Chief Executive holds a joint role, also covering the role of Chief Accountable Officer for Tameside and Glossop Clinical Commissioning Group (CCG). The salary is paid in full by the Council and there is no recharge to the CCG.

(ii) The salary of the Director of Governance & Pensions is paid by the Council, however 50% on the salary and oncosts are recharged to Greater Manchester Pensions Fund (GMPF) for services to the Pension Fund. The salaries of the Chief Executive and the Director of Finance are paid by the Council and CCG respectively, but a contribution towards their cost is also recharged to GMPF as part of charges for central support costs and overheads incurred by the Council on behalf of GMPF. Further information is provided in Note 45 (Related Party Transactions).

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

(iv) The role of Director of Finance (Section 151 Officer) is a joint post with the Tameside and Glossop CCG. The total cost paid by the CCG for the period 1st April 2019 to 31st March 2020 was £128,202 (Salary £112,084 and Pension Contributions £16,118). The Council paid an additional amount of £8,323 for the year).

The Single Leadership Team includes two further posts, both paid for in full by the CCG:

(v) The Director of Quality and Safeguarding salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2019 to 31st March 2020 was £109,038 (Salary £100,599 and Pension Contributions £8,439).

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

	2018/19				
Post Holder Information	**Salary Entitle-ment Full Time £**	**Salary, Fees and Allow-ances £**	**Compen-sation for Loss of Office £**	**Employ-er's Pensions Contrib-ution £**	**Total £**
Chief Executive - Steven Pleasant (i)	173,690	173,690	0	36,475	**210,165**
Director of Adults	97,749	97,749	0	20,527	**118,276**
Director of Children's Services (ii)	125,000	69,792	0	14,656	**84,448**
Director of Growth (iii)	100,000	25,000	0	5,250	**30,250**
Director of Operations and Neighbourhoods	96,900	96,900	0	20,349	**117,249**
Director of Governance & Pensions (Borough Solicitor) - Sandra Stewart (iv)	129,025	129,025	0	27,095	**156,120**
Director of Population Health (v)	0	0	0	0	**0**
Director of Place (vi)	117,600	19,992	0	64,454	**84,446**
Director of Finance (Section 151 Officer) (vii)	8,160	8,160	0	0	**8,160**

(i) The Chief Executive holds a joint role, also covering the role of Chief Accountable Officer for Tameside and Glossop Clinical Commissioning Group (CCG). The salary is paid in full by the Council and there is no recharge to the CCG.

(ii) The Director of Children's Services was filled by an interim officer between 1 April and 20 September 2018 at a cost of £115,280. The permanent Director of Children's Services commenced in post on 10 September 2018.

(iii) The post of Director of Growth replaced the Executive Director of Place on 31 May 2018. The post was filled by an interim officer from 31 May to 31 December 2018 at a cost of £99,895. The permanent Director of Growth commenced in post on 1 January 2019. Executive Director of Place role was split from 1 January 2018 - with a new role of Director of Operations and Neighbourhoods being created.

(iv) There is no direct charge to Greater Manchester Pension Fund (GMPF) for the services of the Director of Governance & Pensions, however 50% on the salary and oncosts are recharged to GMPF. This is also the case for the Chief Executive and the Director of Finance, but a contribution towards their cost is recharged to GMPF as part of charges for central support costs and overheads incurred by the Council on behalf of GMPF. Further information is provided in Note 45 (Related Party Transactions).

(v) The post of Director of Population Health has been vacant since 28 February 2018. The post has been filled via a secondment from Haringey Council since 31 July 2018 at a cost of £80,730 for the period to 31 March 2019.

(vi) The Director of Place left the Council on 31 May 2018. This post was replaced with the Director of Growth.

(vii) The role of Director of Finance (Section 151 Officer) is a joint post with the Tameside and Glossop CCG. The total cost paid by the CCG for the period 1 April 2018- 31 March 2019 was £126,071 (Salary £110,223 and Pension Contributions £15,848). The Council paid an additional amount of £8,160 for the year.

The Single Leadership Team includes two further posts, both paid for in full by the CCG:

(viii) The Director of Quality and Safeguarding salary is paid by the CCG. The total cost paid by the CCG for the period 1 April 2018 to 31 March 2019 was £113,071 (Salary £98,856 and Pension Contributions £14,215).

(ix) The Interim Director of Commissioning salary is paid by the CCG. The total cost paid by the CCG for the period 1 April 2018 to 31 March 2019 was £125,811 (Salary £111,000 and Pension Contributions £14,811).

Employees' Remuneration

The Council's other employees (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) 2019/20	Number of employees (including severance payments) 2019/20	Number of employees (excluding severance payments) 2018/19	Number of employees (including severance payments) 2018/19
£50,000 - £54,999	74	74	43	44
£55,000 - £59,999	43	44	48	48
£60,000 - £64,999	31	32	25	26
£65,000 - £69,999	22	22	8	9
£70,000 - £74,999	6	7	3	3
£75,000 - £79,999	5	5	13	13
£80,000 - £84,999	5	5	2	3
£85,000 - £89,999	1	1	3	3
£90,000 - £94,999	8	8	5	5
£95,000 - £99,999	0	0	2	2
£100,000 - £104,999	1	1	1	1
£125,000 - £129,999	0	0	1	1
£130,000 - £134,999	1	1	0	0
Total	**197**	**200**	**154**	**158**

A number of employees in the accounting period received one off severance payments and left the organisation. The figures above have been presented both excluding and including this payment.

37. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but have been disclosed below.

The Council has the following contingent liability at the Balance Sheet date:

Droylsden Canalside Development

The Council received grant income of £5.86m from the North West Development Agency (NWDA) on 15 May 2006. The funding agreement contains a potential claw back provision that would require the Council to return funding in certain events. The end date of the claw back period is 6 years from completion of the development, which remains ongoing.

38. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but have been disclosed below where it is possible but not certain that there will be an inflow of economic benefits or service potential.

The Council has no material contingent assets at 31 March 2020.

39. External Audit Costs

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

	2019/20 £000	2018/19 £000
Fees payable with regard to external audit services	87	81
Fees payable for the certification of grant claims and returns	11	10
Fees payable in respect of other services	0	0
Total	**98**	**91**

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 draft Statement of Accounts was authorised for issue by the Director of Finance (Section 151 Officer) on 31 July 2020. 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 2020, 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.

The Statement of Accounts summarises the Council's income, expenditure, assets and liabilities held and incurred during the 2019/20 financial year, and it's position at 31 March 2020.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2014 (as amended), which require accounts to be prepared in accordance with proper accounting practices.

Proper accounting practice for Local government comprises the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 'Code') which is based on International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

1. ACCOUNTING PRINCIPLES

a) Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

b) Accruals Concept

The Council accounts for income and expenditure in the period to which the service has taken place, rather than when cash payments are received or made. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

c) Cost of Services

The cost of services analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates in line with the revenue monitoring reports to Executive Cabinet and internal reporting. The CIES reports income and expenditure in accordance with generally accepted accounting practice. The Expenditure and Funding Analysis is then intended to demonstrate how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

d) Value Added Tax (VAT)

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

e) Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;

- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively; and
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

f) **Previous Year Adjustments**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by way of a prior period adjustment and an appropriate disclosure in the notes to the accounts. A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

g) **Events after the Balance Sheet Date**

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly. However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

h) **Material Items**

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

i) **Contingent Assets and Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is possible but not certain that there will be an inflow of economic benefits or service potential that cannot be reliably measured.

2. CAPITAL ACCOUNTING

a) Recognition

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

Capital expenditure includes:

- the acquisition, reclamation, enhancement or laying out of land;
- acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

In this context, enhancement means works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.

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

A de-minimis level of £10,000 has been adopted by the Council in relation to capital expenditure.

b) Measurement

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

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

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

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

- Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost (DHC)
- 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. For assets where expenditure of £750,000 or above has been incurred, these are added to the preceding year's revaluation list

c) Revaluation

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

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

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

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

d) Disposals

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

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

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

e) Heritage Assets

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

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

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

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

f) Investment Properties

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

g) Intangible Assets

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

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

h) Depreciation / Amortisation Methodology

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

- In accordance with the 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.

i) Charges to revenue for non-current assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets throughout the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to non-current assets used by the service in excess of the balances held in the Revaluation Reserve
- Amortisation of Intangible Assets attributable to the service

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

j) Revenue Expenditure Funded from Capital under Statute

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

k) Impairment of Non-current Assets

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

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

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

l) Capital Receipts

Capital receipts (in excess of £10,000) arising from the sale of non-current assets are credited to Capital Receipts Unapplied Account.

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

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

m) Redemption of Debt (Minimum Revenue Provision)

Where capital expenditure has been financed by borrowing there is a provision for the repayment of debt to be made in accordance with the Minimum Revenue Provision requirements of the Local

Authorities ('MRP' - as set out in Capital Financing and Accounting (Amendment) Regulations 2009).

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

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

ii) The following will be required in relation to borrowing taken up on or after 01/04/2015.

- For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
- For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.
- There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.
- The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

n) Capital Grants and Contributions

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

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

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

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

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

o) Capital Reserves

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

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

p) Leases

In line with IFRIC 4, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

q) Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this include:
  - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
  - The Council recognises ‘major part’ to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this include:
  - Fair value of the leased asset is assessed by a RICS qualified valuer.
  - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
  - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
  - The Council recognises ‘substantially all’ to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

r) Defining an Operating Lease

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

s) Lessee Accounting for a Finance Lease

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

t) Lessor Accounting for a Finance Lease

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

u) Lessor Accounting for an Operating Lease

Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

v) Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs.

Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as general revenue government grants.

3. REVENUE ACCOUNTING

a) Recognition of Revenue Expenditure

The Council recognises revenue expenditure as expenditure which is not capital.

b) Employee Costs

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- Salaries and Wages – The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.
- Leave Owed, Accumulating Absences – The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- Non-accumulating Absences – are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.
- Non-monetary Benefits – Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Pensions Costs

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions.

The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

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

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

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

Service cost comprising:

1. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
2. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
3. Net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

4. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
5. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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.

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.

c) Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

d) Revenue Grants and Contributions

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

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

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

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

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

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

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

e) Provisions

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

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

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

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from General Fund Balances in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an entry within the Capital Adjustment Account (CAA) created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance within the CAA will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

f) Revenue Reserves

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

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

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

g) Council Tax and Business Rates Recognition

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

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

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

h) Inventories and Work in Progress

Work in progress is valued at the lower of cost (including all related overheads) or net realisable value.

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

i) Provisions for bad and doubtful debts

The Council maintains a bad debt provision for any potential non-payment of debtors at each Balance Sheet date. Assessment is made based on the risk of debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated where possible based on historical loss experience, credit rating for a debtor and other impacting factors.

Provisions for bad debts are offset against the debtor amount shown as an asset, the movement in the provision is charged against the relevant service line in the Comprehensive Income and Expenditure Statement.

4. TREASURY MANAGEMENT

a) Financial Instruments

Financial Assets

Financial Assets e.g. investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or both).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest but they are held to collect cash and sell the assets (e.g. money market funds). The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g. equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account. . An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan. In this scenario the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

b) **Cash and cash equivalents**

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

c) **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses. The Council has identified Inspired Spaces Tameside as an associate but group accounts have not been prepared on the grounds of materiality. Information on financial transactions between the Council and this associate are disclosed as related party transactions.

42. Accounting Policies Issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2019/20 Code.

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

Accounting changes that are introduced by the 2020/21 code are:

- Amendments to IAS 28 Investment in Associates and Joint Ventures: Long term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

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

43. Critical Judgements in Applying Accounting Policies

The following are critical management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 44.

Accounting for Schools – Consolidation

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

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises schools in line with the provisions of the Code. Schools are recognised on the Balance Sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to appoint the employees of the school and is able to set the admission criteria.

There are generally five categories of schools:

- Community schools
- Voluntary Controlled (VC) schools
- Voluntary Aided (VA) schools
- Foundation/Trust schools
- Academies

Employees at community schools are appointed by the Council and the Council sets the admission criteria. These schools are therefore recognised on the Council's Balance Sheet.
In order to comply with the Code of Practice on Local Authority Accounting the Council wrote to each of the diocese who occupy schools within the borough of Tameside in order to establish the accounting arrangements.

Diocese of Salford, The Church of England Diocese of Chester, The Church of England Diocese of Manchester and Diocese of Shrewsbury have all responded in writing to confirm that the schools occupy the school premises under the direction of the trustees and that the legal ownership resides with the religious body. The Council has also had confirmation that the religious bodies referred to above account for the school buildings within their Balance Sheets.

The legal ownership of Voluntary Controlled School buildings belong to a charity, normally a religious body, therefore the Council does not recognise these non-current assets on the Balance Sheet. However the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

Foundation Trust, Voluntary Aided and Academy school employees are appointed by the schools' governing body, which also set the admission criteria. As a consequence the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's Balance Sheet. The exception to this is PFI schools where the building asset is recognised on the Council's balance sheet, along with a liability relating to the PFI contractual commitment. The playing fields surrounding Voluntary Aided schools 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	Land on the Balance Sheet £000s	Buildings on the Balance Sheet £000s
Community	24	4	5	**33**	16,732	136,712
Voluntary Controlled (VC)	7	0	0	**7**	1,687	0
Voluntary Aided (VA)	20	2	0	**22**	5,627	14,327
Foundation	0	0	0	**0**	0	0
Foundation Trust	0	0	0	**0**	0	0
Maintained Schools	**51**	**6**	**5**	**62**	**24,046**	**151,039**
Free Schools	0	1	0	1	0	0
Academies	25	9	1	35	0	0
Total	**76**	**16**	**6**	**98**	**24,046**	**151,039**

Accounting for schools - Transfers to Academy status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Investment Properties

Investment Properties have been identified using criteria under 'the Code', and are those assets held solely for rental income or for capital appreciation, or both. The assessment of Investment Properties using these criteria is subject to interpretation.

Leases

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

Funding

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

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

Property, Plant and Equipment

An asset is depreciated over a useful life that is dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful life assigned to assets. If the useful life of an asset is reduced, the depreciation charge increases and the carrying amount of the asset falls.

An important estimation contained in the accounts is that of the useful economic life of non-current assets (or useful remaining economic life where assets are revalued). This is important as it determines the depreciation charge posted to the Comprehensive Income and Expenditure Statement.

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

Asset Category	Useful Economic Life
Buildings	2-70 years
Infrastructure assets (such as roads)	40 years
Other non-current assets (such as vehicles, plant and equipment)	10 years or less
Investment properties	Not depreciated - revalued each year
Surplus assets	Not depreciated - revalued each year

All assets held at current value are revalued as a minimum every five years. Specific assets may be valued more frequently depending on the wider economic context, particularly if it is expected that there has been a material reduction in their value during the year.

Depreciation could also be calculated by adopting a fixed policy regarding economic life for each identified class of asset. However, it has been determined by the Council that a ‘catch-all’ policy cannot be as accurate as the case-by-case review that is employed, because of the wide variety of assets held.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for the cost of successful appeals against business rates charged to businesses in their proportionate share. Appeals are managed by the Valuation Office (VOA) on a case by case basis. The Council cannot be fully aware, at all times, of all changes to businesses and to business premises, and it is the responsibility of the individual business to seek adjustments for their business rates bill where this is appropriate. Therefore, a provision is recognised in the accounts for the best estimate of the possible liability to the Council for business rates appeals, to 31 March 2020. This is calculated using the VOA’s latest list of appeals, which includes information on the average levels of successful and unsuccessful claims.

Debt Impairment

All debts due to the Council are regarded as collectible, unless firm evidence transpires that they are uncollectible and so are ‘bad’ debts. However, some debts which are proving difficult to collect may be properly termed ‘doubtful’. The Council has included an impairment allowance for doubtful debts in the accounts based on a review of the Council’s significant short term debtor balances. In the current economic climate it is not certain that the impairment allowance for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required.

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. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions. Further information is set out in note 30.

Manchester Airport Group (MAG)

The Council's shareholding in MAG is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the nine minority local authority shareholders to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised.

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.
- Significant changes to local government responsibilities and the unknown impact of these.
- 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.
- Volatility of the Business Rates base.
- Potential legal judgements and the confirmation of obligations that led the Council to recognise contingent liabilities in the Statement of Accounts.

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:

- Borrowing taken up prior to 1 April 2015 will be provided for using a straight-line method of calculating MRP. £185.215m will be provided for in equal instalments over 50 years, which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

- For certain investment projects it may be deemed more prudent to use the asset life annuity

method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project.

- If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
- For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.
- There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.
- The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

45. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include Central Government (UK), Members, Officers, other public bodies and entities controlled or significantly influenced by the Council.

Central Government (UK)

Central Government (UK) has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax billing and Housing Benefits). Grants received from government departments are set out in Note 5.

Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2019/20 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 2019/20 there were no material transactions with any individual bodies where a member has a controlling interest in the organisation. Transactions with the individual bodies where a member has an influence in the organisation are as follows:

Related Party	2019/20				2018/19			
	Receipts £000	Payments £000	Creditors £000	Debtors £000	Receipts £000	Payments £000	Creditors £000	Debtors £000
Active Tameside (Tameside Sport Trust)	-	3,296	(53)	-	-	2,857	23	(32)
Ashton Pioneer Homes	-	54	3	-	-	60	-	-
Jigsaw Homes (New Charter Housing)	(26)	2,307	673	(378)	(55)	2,643	152	-

New Charter Housing Trust (Part of the Jigsaw Homes Group) – Payments were made by the Council to New Charter during the year in respect of supported accommodation and homelessness. Income was received from New Charter in the form of fees and charges for various services including pest control and trade waste.

Tameside Sports Trust – Payments were made by the Council to the Trust during the year in respect of the annual management fee to operate leisure facilities, improvement works to facilities, educational programmes and Adult day care provision. The Council received loan repayments from the Trust.

Other Public Bodies

The Council pays the following levies:

Levying Body	2019/20 £000	2018/19 £000
Greater Manchester Combined Authority - Waste Disposal	12,727	7,823
Greater Manchester Combined Authority - Transport	15,129	22,498
Environmental Agency - Flood Defense	117	114
Canal & River Trust - British Waterways	93	94

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 118.

	2019/20 £000	2018/19 £000
Cost incurred of behalf of Pension Fund	7,894	7,429
VAT Refund obtained from HMRC	(5,535)	973
Due to Tameside MBC from the Pension Fund	2,359	8,402

Reimbursements by the Pension Fund to TMBC	(4,726)	(6,184)
Owed from/(to) the Pension Fund by TMBC at 31st March	(2,367)	2,218

In the course of fulfilling its role as administering authority to the GMPF, the Council incurs costs for services (e.g. salaries and support costs), and manages the GMPF's VAT liabilities on its behalf. The Council in turn recovers these costs from the GMPF. Exceptionally, during 2019/20 GMPF entered into various transactions which gave rise to VAT refunds totalling £5.535m, which was initially recovered from HMRC by the Council. As at 31st March 2020, TMBC owed £2.367m back to GMPF, whereas as at 31st March 2019 it had been owed £2.218m by GMPF.

Chief Officers

All Chief Officers have been asked to disclose any relationships or interests with entities that could be a related party of the Council.

Chief Officer	Interests Declared
Chief Executive	• Joint role as Chief Accountable Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36. • Director of the Manchester Institute of Health and Performance • Director of Airport City (General Partner) representing Greater Manchester Pension Fund • Stamford Park Trust Trustee • Director of Inspired Spaces Tameside Ltd • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd • Associate Governor at Broadbottom C of E Primary School
Director of Finance	• Joint role as the Chief Finance Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36.
Director of Governance and Pensions	• Director of Greater Manchester Pension Fund • Director of Northern Pool General Partner (Number 1) Ltd representing Greater Manchester Pension Fund
Assistant Director of Finance	• Director of Inspired Spaces Tameside Ltd • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd
Assistant Director, Digital Tameside	• Director of Co-operative Network Infrastructure

Inspired Spaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd, as well as Co-Operative Network Infrastructure, have been identified as related parties and further information on transactions and balances is set out below.

Entities Controlled or Significantly Influenced by the Council

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. A group structure may exist where the Council has a controlling (or significant ability to influence) another entity. A group structure would necessitate the preparation of group accounts. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

The Council's group boundaries have been assessed using the criteria outlined in 'the Code'. It was determined that the Council has a significant influence over Inspiredspaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd. However, on the basis of materiality the Council has determined that the preparation of group accounts is not required because groups accounts would not be materially different to the single entity accounts.

Transactions and balances with Inspiredspaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd, Inspired Spaces Tameside (Project Co 2) Ltd and Co-operative Network Infrastructure were as follows:

Related Party	2019/20				2018/19			
	Receipts £000	Payments £000	Creditors £000	Debtors £000	Receipts £000	Payments £000	Creditors £000	Debtors £000
Co-operative Network Infrastructure	-	-	27	(32)	-	120	-	-
Inspired SpacesTameside Ltd	-	16,451	203	-	-	32,321	33	(49)
Inspired Spaces Tameside (Project Co 1) Ltd	(180)	-	-	(118)	(297)	-	-	(60)
Inspired Spaces Tameside (Project Co 2) Ltd	-	-	-	(1,133)	-	-	-	(687)

As per the provisions of the funding agreement that the special purpose vehicles (SPV) are subject to, the Carillion Plc liquidation has resulted in a temporary 'lock down' of any distributions of dividend payments or repayment of subordinated debt owed to shareholders. The temporary 'lock down' is still in place against Inspiredspaces Tameside (Project Co 2) Ltd. As a result there will be a delay to the Council receiving its payments in relation to the holding in this SPV. It is not anticipated that there will be a reduction to either the level of expected dividends or repayment of the Council's sub-ordinated debt. The temporary 'lock down' for Inspiredspaces Tameside (Project Co 1) Ltd has now been removed; dividend payments and repayment of subordinated debt owed to shareholders have now resumed.

A review of the Council's relationship with other entities has also been undertaken to ensure they are properly reported. Following the current guidance, with the exception of the investments above, it is clear that the Council is not in a further group arrangement, as it does not have the ability to exercise either influence or control at a material level over another entity.

46. Agency Services and Pooled Budgets

Agency Services

	HMP £000	iStandUK £000	i-Network £000	GMPHN £000	NAFN £000	GMHSCP £000	NW ADASS £000	GMEU £000
Balance Brought Forward	**(3,789)**	**(38)**	**(146)**	**(860)**	**(953)**	**(1,124)**	**(304)**	**(321)**
Contributions	0	(563)	(729)	(158)	(1,227)	(550)	(479)	(602)
Interest earned on Balances	(27)	0	(2)	0	(8)	0	0	0
Total Income	**(27)**	**(563)**	**(732)**	**(158)**	**(1,236)**	**(550)**	**(479)**	**(602)**
Employee Expenses	0	14	289	441	502	1	55	374
Payments as per Business Plan	89	0	0	0	0	0	0	0
Project Payments to Authorities	0	0	0	0	0	0	0	0
Supplies & Services/Other expenditure	0	547	219	156	550	612	394	172
Total Expenditure	**89**	**561**	**508**	**597**	**1,053**	**613**	**449**	**546**
Balance Carried Forward	**(3,727)**	**(40)**	**(369)**	**(421)**	**(1,136)**	**(1,061)**	**(334)**	**(377)**

Hattersley/Mottram Project (HMP)

HMP involves the regeneration of land previously owned by Manchester City Council and the Council mainly for residential use. In addition, the former Manchester City Council housing stock was transferred and is now owned by Onward. This is being improved and refurbished as part of the latter's business plan, for which £18.5m has been provided from the proceeds of the sale of land to Base Hattersley.

The Council's partners in the project are Homes England and Onward. The partners operate under a Collaboration Agreement and, in accordance with this Agreement signed by the principal partners, the Council acts as the accountable body on behalf of the partnership. The Council receives funds from the developer (Base Hattersley) as per the respective development agreement and distributes the funds to the partners in priority ranking as per the Agreement. The balance will be carried forward into 2020/21 and used to fund the remaining elements of the Hattersley Business Plan.

iStandUK

iStandUK was established to develop and promote data standards that support the efficiency, transformation, and transparency of local public services in the UK. The Council is the lead partner and accountable body for the project. The 2019/20 balance will be carried forward into 2020/21 to continue the work of the programme.

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. During 2019/20, in partnership with iStandUK, it also facilitated the delivery of national programmes for Government. The 2019/20 balance will be carried forward into 2020/21.

Greater Manchester Public Health Network (GMPHN)

GMPHN is a collaborative organisation that works on behalf of the Greater Manchester Directors of Public Health which is funded by contributions from constituent members. The network supports Greater Manchester Local Authorities to fulfil their statutory public health functions under the Health and Social Care Act 2012. The network works with local partners to help reduce the impact of ill health on individuals and the Greater Manchester economy. Tameside Council has been the accountable body for the GMPHN since 1 April 2013 and the Council's Chief Executive is the lead Greater Manchester Chief Executive for Health.

National Anti Fraud Network (NAFN)

NAFN was created in 1997 hosted by Tameside Metropolitan Borough Council. NAFN is a not-for-profit organisation and recovers its operating costs from grant funding, membership fees and recharges. Membership of NAFN provides local authorities with access to a pool of highly experienced, trained and accredited officers delivering services via a secure website. With 90% Local Authority membership and over 10,000 users the organisation is widely recognised as provider of data and intelligence and is the single point of contact for all local authority acquisition of communications data.

Greater Manchester Health Social Care Partnership (GMHSCP)

The Greater Manchester Health and Social Care Partnership was formed to oversee the devolution of Greater Manchester health and social care services. The aim of the partnership is to achieve the biggest, and most efficient improvement to the health and wellbeing of the Greater Manchester region. The Partnership membership includes Greater Manchester NHS organisations and Local Authorities, as well as members from NHS England and NHS Improvement, the emergency services, the voluntary sector, Healthwatch and others including the mayor of Greater Manchester. One of the key aims of the partnership is to improve the way health and social care public funding is spent, making sure that major decisions are being made together to meet residents needs. The Partnership is resourced by equal contributions from each Greater Manchester Local Authority together with Greater Manchester Transformation Funding. Tameside Council is the accountable body for the Partnership.

North West Association of Directors of Adult Social Services

North West ADASS incorporates the regions of Cheshire, Cumbria, Lancashire, Merseyside and Greater Manchester. The region encompasses tremendous diversity and relative poor health. The component 23 local authorities are at the forefront of innovation through devolution programmes and participation in a range of integration programmes via Sector Led Improvement priorities. Tameside Council is the accountable body for NW ADASS with each component local authority contributing an equal annual funding contribution to the financing of the association infrastructure and agreed work programme priorities. In addition the association receives various non-recurrent grant funding allocations to support the delivery of specified programmes.

Greater Manchester Ecology Unit (GMEU)

The Greater Manchester Ecology Unit (GMEU) provides specialist advice to, and on behalf of, the ten district councils that make up Greater Manchester on biodiversity, nature conservation and wildlife issues. Although hosted by Tameside MBC, GMEU works across the whole of Greater Manchester.

The Ecology Unit prepares and helps to implement the Greater Manchester Biodiversity Action Plan. It comments on the ecological impact of development proposals on behalf of planning departments, and provides advice on safeguarding wildlife on development sites.

47. Building Control

The Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. The Council aims to ensure that, taking one financial year with the next, Building Control fees are set to cover costs without generating a material surplus or loss.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities, including pre-application advice of up to one hour duration. The total net cost of operating the Building Control Unit was £0.095m in 2019/20, which was made up of a deficit on chargeable activities of £0.037m and a deficit on non-chargeable activities of £0.058m.

	2019/20		
	Chargeable	Non-Chargeable	Total
	£000	£000	£000
Expenditure:			
Employee Expenses	101	43	144
Premises	11	5	16
Transport	0	0	0
Supplies and Services	3	1	4
Central and Support Service Charges	21	9	30
	136	**58**	**194**
Income:			
Building Regulation Charges	0	0	0
Miscellaneous Income	(99)	0	(99)
	(99)	**0**	**(99)**
(Surplus)/Deficit for year	**37**	**58**	**95**

48. Integrated Commissioning Fund (ICF)

Tameside Council and Tameside & Glossop Clinical Commissioning Group (CCG) are partners in the provision of services to support health and social care integration within the locality. The table summarises the ICF in its totality (of which the Section 75 forms part). The Better Care Fund is included with the Section 75 element of the ICF.

From 1 April 2018 the ICF includes the total revenue budget allocations of both the Council and the CCG. The single fund is monitored and reported to members of the Strategic Commissioning Board and Executive Cabinet on a monthly basis.

The component sections of the ICF are;

Section 75 Services
This relates to the legislation that allows the establishment of pooled funds between NHS bodies and local authorities at a local level.

Aligned Services
These budgets relate to services that the Regulations specify shall not be pooled under Section 75, but which will be managed alongside the Pooled Fund.

In Collaboration Services
These budgets relate to services that the Regulations specify shall not be pooled under Section 75, and where the CCG and Council have limited direct influence over the utilisation of these funds, or where expenditure is not directly related to service delivery. Budgets include delegated co-commissioning in Primary Care, Dedicated Schools Grant, levies payable to the GMCA, Housing Benefits Grant and related expenditure, and Capital Financing costs..

The Integrated Commissioning Fund supports the Tameside and Glossop Locality Plan which has the following key objectives:

- to improve health and wellbeing of residents with a focus on prevention and public health, and providing care closer to home;

- to make urgent progress on addressing health inequalities;
- to promote integration of health and social care as a key component of public sector reform;
- to contribute to growth, in particular through employment support and early years services
- to build partnerships between health, social care, and knowledge sectors for the benefit of the population.

Risk Share

Under the risk share arrangements, each organisation shares financial risk in proportion to the respective net budget contributions they make into the Integrated Commissioning Fund (ICF), excluding any CCG expenditure associated with the residents of Glossop as the Council has no legal powers to contribute to such expenditure.

For 2019/20 the proportion of contribution was 68% for T&G CCG and 32% for the Council. For clarity, the risk sharing arrangement applies to the Section 75 pooled fund, the aligned fund and the in collaboration budget of the ICF, i.e. the whole ICF.

The risk share arrangement is in two parts. Part A comprises an additional contribution of up to £5 million per annum in 2019/20 and 2020/21 from the Council to the ICF which would create an obligation on the CCG to increase its contribution to the ICF in 2021/22 and 2022/23 to the same values respectively.

Part B of the risk share is applied after Part A and is based on the proportion of each Organisation's contribution to the ICF up to a capped threshold:

- a cap of £2.0 million is placed on CCG related risks that the Council will contribute
- a cap of £0.5 million is placed on Council related risks that the CCG will contribute

Funding provided to the pooled budget:	**2019/20 £000**		
	Council	**Tameside & Glossop CCG**	**Total**
Section 75	53,484	276,645	330,129
Wider Aligned Budget	137,870	112,561	250,431
In Collaboration Services	5,449	33,654	39,103
Total	**196,803**	**422,859**	**619,662**

Expenditure met from the pooled budget:	**2019/20 £000**		
	Council	**Tameside & Glossop CCG**	**Total**
Section 75	55,169	275,634	330,802
Wider Aligned Budget	140,316	113,683	253,999
In Collaboration Services	1,331	33,543	34,873
Total	**196,816**	**422,859**	**619,675**

Supplementary Financial Statements

This section contains the accounts of the Collection Fund

Collection Fund

Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates and Precept Demands (and any Residual Community Charge adjustments), together with details of how any balances have been distributed.

Income and Expenditure Account for the year ended 31 March 2020

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 2020			31 March 2019		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Income						
Income from Council Tax	(112,090)		**(112,090)**	(97,866)		**(97,866)**
Income from NDR		(56,957)	**(56,957)**	0	(55,999)	**(55,999)**
Total Income	**(112,090)**	**(56,957)**	**(169,047)**	**(97,866)**	**(55,999)**	**(153,864)**
Expenditure						
Council Tax						
The Council	91,579		**91,579**	86,068		**86,068**
GMCA Mayoral Police and Crime Commissioner	12,355		**12,355**	10,617		**10,617**
GMCA Mayoral General Precept (inc. Fire)	4,795		**4,795**	4,139		**4,139**
NDR			**0**			**0**
The Council		51,805	**51,805**		52,025	**52,025**
Central Government		0	**0**		0	**0**
GM Fire and Rescue Authority		523	**523**		526	**526**
Allowance for cost of collection		287	**287**		291	**291**
Transitional Protection Payments		896	**896**		1,709	**1,709**
Increase/(decrease) in:		0	**0**			**0**
Allowance for non-collection	453	1,095	**1,548**	4	1,584	**1,588**
Provision for appeals		3,328	**3,328**		2,001	**2,001**
Surplus/deficit (allocated)/paid out in year:			**0**			**0**
The Council	11,328	846	**12,174**	1,500	2,368	**3,868**
Central Government		0	**0**		(3,330)	**(3,330)**
GMCA Mayoral Police and Crime Commissioner	1,397	0	**1,397**	181	0	**181**
GMCA Mayoral General Precept (inc. Fire)	545	9	**553**	67	(10)	**57**
Total Expenditure	**122,453**	**58,789**	**181,241**	**102,576**	**57,164**	**159,740**
(Surplus)/deficit for the year	**10,363**	**1,831**	**12,195**	**4,710**	**1,165**	**5,875**
Balance brought forward	(17,003)	657	**(16,346)**	(15,050)	63	**(14,987)**
(Surplus)/deficit for the year	10,363	1,831	**12,195**	(1,953)	594	**(1,359)**
Balance carried forward	**(6,640)**	**2,489**	**(4,151)**	**(17,003)**	**657**	**(16,346)**
Share of (surplus)/deficit						
The Council	(5,579)	2,464	**(3,115)**	(14,472)	651	**(13,822)**
Central Government	0	0	**0**	0	0	**0**
GMCA Mayoral Police and Crime Commissioner	(755)	25	**(730)**	(1,821)	0	**(1,821)**
GMCA Mayoral General Precept (inc. Fire)	(306)	0	**(306)**	(709)	7	**(703)**
	(6,640)	**2,489**	**(4,151)**	**(17,003)**	**657**	**(16,346)**

Notes to the Collection Fund

Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates and Precept Demands (and any Residual Community Charge adjustments), together with details of how any balances have been distributed.

1. Overview

The Collection Fund is a statement that reflects the statutory obligation of Tameside as the billing authority to maintain a separate Collection Fund. The Collection Fund statement shows the Council's transactions in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to the relevant preceptors and Central Government.

The Council has a statutory obligation under section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) to maintain a separate Collection Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and NDR. The administrative costs associated with the collection process are charged to General Fund Balances.

'The Code' stipulates that a Collection Fund Income and Expenditure account is included in the Council's Statement of Accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

2. Council Tax

All domestic properties are placed in one of eight valuation bands. Each year the Council must estimate the number of properties in each band and after allowing for discounts, exemptions and losses on collection, the net number of properties is then converted into a Band D equivalent in order to calculate the Council Tax base for tax setting purposes. The income which the Council requires to be raised is then divided by the Council Tax Base to give the Band D equivalent Council Tax for the year.

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

Council Tax Base for 2019/20

The Council Tax base for 2019/20 was set in January 2019. A copy of the report can be found on the Council's website at: https://tamesideintranet.moderngov.co.uk/ieDecisionDetails.aspx?ID=256

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

Tameside 2019/20 Tax Base (Excluding Mossley Parish)								
	Total Number of Dwellings	Equivalent Number of Dwellings after Discounts applied	Specified ratio for Council Tax	Number of Band D Equivalent Dwellings	Tameside MBC Precept 2019/20 (Excluding Mossley)	Mayoral Police & Crime Commissioner Precept	Mayoral General Precept	2019/20 Council Tax (Excluding Mossley Parish)
Disabled Relie	0	56	5/9	31	0	0	0	0
Band A	52,446	35,418	6/9	23,612	£979.54	£132.20	£51.29	£1,163.03
Band B	18,832	15,753	7/9	12,252	£1,142.80	£154.23	£59.84	£1,356.87
Band C	19,304	17,124	8/9	15,221	£1,306.05	£176.27	£68.39	£1,550.71
Band D	6,705	6,213	9/9	6,213	£1,469.31	£198.30	£76.95	£1,744.56
Band E	3,704	3,528	11/9	4,312	£1,795.82	£242.37	£94.05	£2,132.24
Band F	914	865	13/9	1,249	£2,122.33	£286.43	£111.15	£2,519.91
Band G	418	392	15/9	654	£2,448.85	£330.50	£128.24	£2,907.59
Band H	42	17	18/9	34	£2,938.62	£396.60	£153.90	£3,489.12
Total	102,365	79,365		63,578				
Less Allowance for Losses on Collection				(1,271.2)				
MOD Properties				0				
Total Tameside Tax Base 2018/19				62,306.8				

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

Tameside 2019/20 Tax Base (Mossley Parish)									
	Total Number of Dwellings	Equivalent Number of Dwellings after Discounts applied	Specified ratio for Council Tax	Number of Band D Equivalent Dwellings	Tameside MBC Precept 2019/20 (Excluding Mossley)	Mossley Precept 2019/20	Mayoral Police & Crime Commissioner Precept	Mayoral General Precept	2019/20 Council Tax (Including Mossley Parish)
Disabled Relie	0	3	5/9	2	0	0	0	0	0
Band A	2,816	2,043	6/9	1,362	£979.54	£6.10	£132.20	£51.29	£1,169.13
Band B	889	773	7/9	601	£1,142.80	£7.12	£154.23	£59.84	£1,363.99
Band C	1,007	898	8/9	798	£1,306.05	£8.13	£176.27	£68.39	£1,558.84
Band D	387	363	9/9	363	£1,469.31	£9.15	£198.30	£76.95	£1,753.71
Band E	181	173	11/9	211	£1,795.82	£11.18	£242.37	£94.05	£2,143.42
Band F	49	47	13/9	68	£2,122.33	£13.22	£286.43	£111.15	£2,533.13
Band G	14	15	15/9	25	£2,448.85	£15.25	£330.50	£128.24	£2,922.84
Band H	1	0	18/9	0	£2,938.62	£18.30	£396.60	£153.90	£3,507.42
Total	5,344	4,315		3,430					
Less Allowance for Losses on Collection				(41.2)					
MOD Properties				0					
Total Mossley Parish Tax Base 2018/19				3,388.7					

3. Non-Domestic Rates (NDR)

The Council collects NDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform Business Rate set nationally by Central Government.

For 2019/20, the total Non-Domestic Rateable value at 31 March 2020 is £148.7m (£147.6m in 2018/19). The national multipliers for 2019/20 were 49.1p for qualifying small businesses, and the standard multiplier being 50.4p for all other businesses (48p and 49.3p respectively in 2018/19).

Local authorities retain a proportion of the total collectable rates due. Prior to 2017/18, the local share for Tameside was 49%, with the remainder distributed to the Greater Manchester Fire and Rescue Authority (GMFRA) (1%) and Central Government (50%). Since 2017/18 Tameside has been part of the 100% retention pilot for Greater Manchester. This pilot, which currently runs until the end of 2020/21, means that Tameside retains 99% of total collectible rates, with 1% distributed to the GMFRA. The NDR shares paid in 2019/20, (excluding previous years distribution) were

£51.805m to the Council and £0.523m to GMFRA. (2018/19 shares paid were £0.526m to GMFRA and £52.025m to the Council).

Greater Manchester 100% Business Rates Retention Pilot

Greater Manchester is one of the regions piloting the full retention of Business Rates from 1 April 2017. The purpose of this Pilot is to develop and trial approaches to manage risk and reward, and to finance from additional Business Rates income new responsibilities and/or existing funding streams including those that support economic growth.

Being part of the Greater Manchester Pilot provides the Council and the Greater Manchester region with potential financial benefits with the guarantee that Authorities will not be worse off as a result of the Pilot. The 'No Detriment' agreement will guarantee that the resources available to the Council under the 100% Pilot will be the same as the 50% retention scheme that exists for non-pilot authorities.

As a result of the Pilot, the Council has not received Revenue Support Grant or Public Health Grant from Government since 2017/18. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. The current pilot arrangements run until the end of 2020/21.

Glossary of Financial Terms

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses
Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation;
- the actuarial assumptions have changed.

Agency Services
These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Associate Companies
This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over whose operating and financial policies the reporting Authority is able to exercise significant influence.

Association of Greater Manchester Authorities (AGMA)
AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Appointed Auditors
From 1 April 2015 the appointment of External Auditors to Local Authorities has been undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission.

Asset
Items of worth that are measurable in terms of value. Currents assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

Balances
The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Better Care Fund (BCF)
The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

Billing Authority
An authority which collects Council Tax, Business Rates and precepts on behalf of itself and other bodies.

Capital Expenditure
This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Costs

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

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

Capital Receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure.

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

Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalents are investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

Collection Fund
A fund administered by the Council that shows the transactions of the billing authority, in relation to the collection from taxpayers of Council Tax and NDR and how the income from these sources has been distributed to precepting authorities, Central Government and the Council's General Fund Balances. The Collection Fund is maintained separately, as a statutory requirement.

Community Assets
Non-current assets that an authority intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingency
This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

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

Corporate 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.

Depreciated Replacement Cost (DRC)
A method of valuation that provides a proxy for the market value of specialist assets.

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

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

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

Earmarked Reserves

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

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.

Financial Regulations
These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

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

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.

Interest Cost
For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

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

Investment Properties
Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Joint Venture
A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

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

Lender Option Borrower Option (LOBO)
A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

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

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

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

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

Ministry of Housing, Communities and Local Government (MHCLG)
MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

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

Net Debt
Net debt is the Council's borrowings less cash and liquid resources.

Non-Domestic rates (NDR) (also known as Business Rates)
Business Rates is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all local authorities.

Net Book Value (NBV)
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for by depreciation.

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

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.

Outturn
Actual expenditure and income compared to the budget.

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

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

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

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

Property, Plant and Equipment (PPE)
PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

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

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

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all Senior Officers from Assistant Director and above and the Pension Fund.

Remeasurement of the Net Defined Benefit Liability
Remeasurement of the Net Defined Benefit Liability (asset) comprises:
a) actuarial gains and losses
b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Reporting Standards
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

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

Revenue Contributions

The method of financing capital expenditure directly from revenue.

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

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

Subsidiary
A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

Treasury Management
This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy
A Strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Unsupported (Prudential) Borrowing
This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Useful Economic Life
The period over which the Council will derive benefits from the use of an asset.

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Greater Manchester Pension Fund Statement of Accounts 2019/20

******* DRAFT UNAUDITED ******

(Full Report)

Fund Account for the Year Ended 31 March 2020

31 March 2019 £000		Note	31 March 2020 £000
	Contributions and benefits		
(145,922)	Contributions from employees	5	(152,068)
(447,440)	Contributions from employers	5	(460,162)
(593,362)			(612,230)
(313,591)	Transfers in (bulk)		0
(24,031)	Transfers in (individual)		(25,694)
(930,984)			(637,924)
803,614	Benefits payable	6	860,202
42,967	Payments to and on account of leavers	7	42,351
32,505	Management expenses	8	34,769
879,086			937,322
	Returns on investments		
(436,702)	Investment income	9	(523,638)
(868,166)	Increase in fair value of investments	11	2,029,030
5,192	Taxation	10	3,973
4,496	Loss on foreign currency		56
(1,295,180)	**Net profit on investments**		**1,509,421**
(1,347,078)	Net (increase)/decrease in the Fund during the year		1,808,819
(22,496,545)	Net assets of the Fund at start of year		(23,843,623)
(23,843,623)	**Net assets of the Fund at end of year**		**(22,034,804)**

Net Assets Statement at 31 March 2020

31 March 2019 £000		Note	31 March 2020 £000
3,611,360	UK equities		2,832,381
3,577,832	Overseas equities		4,996,751
1,003,365	Bonds	11	1,433,695
369,914	Overseas index linked government bonds		416,356
881,991	Investment property	11	835,885
0	Derivative contracts	11	13,975
13,453,499	Pooled investment vehicles	11	10,783,943
755,437	Cash and deposits	11	484,347
212,544	Other investment assets	11	186,718
23,865,942	**Investment assets**		**21,984,051**
0	Derivative contract liabilities	11	(1,354)
(73,279)	Other investment liabilities	11	(6,219)
(73,279)	**Investment liabilities**		**(7,573)**
73,556	Current assets	11	78,517
(22,596)	Current liabilities	11	(20,206)
50,960	**Net current assets**		**58,311**
23,843,623	**Net assets of Fund**		**22,034,789**

Notes to Greater Manchester Pension Fund

1. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 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 nine from other Greater Manchester local authorities) and a representative from the Ministry of Justice.

The Management Panel is advised in all areas by the Advisory Panel. Each of the ten Greater Manchester local authorities and the Ministry of Justice are represented on the Advisory Panel and there are six employee representatives nominated by the North West TUC. There are also four External Advisors who assist the Advisory Panel, in particular, regarding investment related issues.

As a result of the Public Service Pensions Act 2013 and subsequent Local Government Pension Scheme Regulations, each public sector pension fund has been required to establish a Local Pension Board from 1 April 2015.

The GMPF Local Pensions Board is not a decision-making body. However, it is required to assist the Administering Authority in complying with regulations and ensuring that appropriate governance is in place.

GMPF also currently has four Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. Governance arrangements for GMPF are continually under review. The Working Groups in operation in 2019/20 covered:

- Investment Monitoring and Environment, Social and Governance
- Pensions Administration, Employer Funding and Viability
- Policy and Development

There are three Officers to GMPF:

- Director of Governance & Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings
- Chief Executive and Director of Governance & Pensions (Solicitor and statutory monitoring officer) – jointly responsible for the provision of legal and secretarial services to the Management and Advisory Panels
- Director of Finance – responsible for preparation of Administering Authority's accounts, which includes GMPF's Statement of Accounts

GMPF's investment strategy is implemented by management arrangements, which include:

- one external investment manager that manage multi asset briefs
- two external managers with a global equity brief
- one external manager with a global credit brief
- two external managers with a direct and indirect UK property brief, i.e. one discretionary UK and one advisory local
- Internal management of cash, private equity, infrastructure, generalist pooled property funds, local and other unquoted investments

GMPF subscribes to an industry performance measurement service run by Portfolio Evaluation Ltd in order to analyse/benchmark GMPF's performance relative to market returns and relevant industry comparators. In addition to this, GMPF also subscribes to the Local Authority Pension Performance Analytics Service supplied by Pensions Investment Research Consultants Ltd (PIRC) to enable assessment of its performance relative to all other funds that operate under the same regulations.

GMPF is a pension fund which administers the statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees other than teachers, fire fighters and police officers for whom separate arrangements exist. In addition, other qualifying bodies, which provide similar services to that of local authorities, have been admitted to GMPF.

GMPF operates a career average scheme whereby as each year goes by members build up a set portion of pay as a pension. It is funded by contributions from employees, which are set out in regulations, and variable contributions from employers, which take account of the relationship of assets held to liabilities accrued (see Actuarial Review of GMPF – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Public Service Pension Schemes Act 2013.

The membership of GMPF as at 31 March 2020 and the preceding year is shown below:

31 March 2019		**31 March 2020**
111,520	Contributors	112,274
128,704	Pensioners	132,068
135,799	Deferred Members *	140,153
376,023	**Total Membership**	**384,495**

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

The contributions received from GMPF employers can be found in Note 20.
Further information is published in the Greater Manchester Pension Fund Annual Report 2019/20 and Funding Strategy Statement (FSS). The FSS is available from www.gmpf.org.uk and the Annual Report will be published on the website following the completion of the external audit of GMPF's 2019/20 Statement of Accounts.

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. The exception is that individual and bulk transfers, due to uncertainty over final settlement and timing of payments, 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 amortised cost, fair value through profit and loss, fair value through other comprehensive income investments. Financial assets may be classified as at fair value through profit and loss only if such classification eliminates or significantly reduces a measurement or recognition of inconsistency.

Contribution income: Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest, property rent 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 2020.

Foreign Investments: Foreign investments are translated at the exchange rate applicable at 1 March 2020. 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 2020 determined as follows:

At 31 March 2020	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
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 March 2020. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2020 by Avison Young. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. See caveat below *
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.
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.

* Valuations were caveated with the following:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.
Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
Our valuation(s) is / are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution - should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the properties in this portfolio, under frequent review.

At 31 March 2020	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. The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows. For this year, given the uncertainty over valuations, the cut off for receipt of valuations was left as late as possible. Whilst up to 20% of valuations may not be a 31 March valuation from an external source, the ultimate effect is not estimated to be material by management.	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.

Financial instruments at fair value through the profit and loss: 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 classified as at fair value through the profit and loss 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 XXX. 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 comprise the change in value of short-term deposits due to exchange rate movements during the year.

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

Derivatives: GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value. Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

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 2020 was £2,942,866,000 (£2,160,177,000 at 31 March 2019).
The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows. For this year, given the uncertainty over valuations, the cut off for receipt of valuations was left as late as possible. Whilst up to 20% of valuations may not be a 31 March valuation from an external source, the ultimate effect is not estimated to be material by management.

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 2020		
	Designated as fair value through profit and loss £000	**Loans and receivables £000**	**Financial liabilities at amortised cost £000**
Financial assets:			
Equities	7,829,132	0	0
Bonds	1,433,695	0	0
Index linked	416,356	0	0
Derivatives	13,975	0	0
Pooled investment vehicles	10,783,943	0	0
Cash	0	484,347	0
Other investment assets	0	186,718	0
Current assets	0	78,517	0
	20,477,101	749,582	0
Financial liabilities:			
Derivatives	0	0	(1,354)
Other investment liabilities	0	0	(6,219)
Current liabilities	0	0	(20,206)
	0	0	(27,779)
Total	**20,477,101**	**749,582**	**(27,779)**

	At 31 March 2019		
	Designated as fair value through profit and loss £000	**Loans and receivables £000**	**Financial liabilities at amortised cost £000**
Financial assets:			
Equities	7,189,192	0	0
Bonds	1,003,365	0	0
Index linked	369,914	0	0
Derivatives	0	0	0
Pooled investment vehicles	13,453,499	0	0
Cash	0	755,437	0
Other investment assets	0	212,544	0
Current assets	0	73,556	0
	22,015,970	1,041,537	0
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	0	0	(73,279)
Current liabilities	0	0	(22,596)
	0	0	(95,875)
Total	**22,015,970**	**1,041,537**	**(95,875)**

Note: the above tables do not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the profit and loss. The net loss for the year ending 31 March 2020 was £1,947,000 (£849,767,000 net profit as at 31 March 2019).

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

	At 31 March 2019			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets:				
Equities	7,189,192	0	0	7,189,192
Fixed interest	0	1,003,365	0	1,003,365
Index linked	0	369,914	0	369,914
Derivatives	0	0	0	0
Pooled investment vehicles	0	9,496,019	3,957,480	13,453,499
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	881,991	881,991
Total	**7,189,192**	**10,869,298**	**4,839,471**	**22,897,961**

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 2019 £000		31 March 2020 £000
3,692,987	Opening balance	4,839,471
1,200,046	Acquisitions	1,134,685
(382,477)	Disposal proceeds / Return of capital	(470,917)
0	Transfer in of Level 3	0
	Total gains/losses included in the Fund account:	
86,992	- on assets sold	173,172
241,923	- on assets held at year end	(54,498)
4,839,471	**Closing balance**	**5,621,912**

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 at least every 3 years in line with triennial valuations being carried out. A full review was completed by 31 January 2020.

GMPF's approach to investment risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.
This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.
GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

	Potential Market Movements (+/-)	
Asset Type	**31 March 2019 p.a.**	**31 March 2020 p.a.**
UK equities	16.6%	27.5%
Overseas equities	16.9%	28.0%
Fixed interest - gilts	9.7%	7.6%
Index linked gilts	7.2%	7.4%
Corporate bonds	10.1%	9.8%
High yield debt	7.3%	8.7%
Investment property	14.3%	14.2%
Private equity	28.3%	28.4%
Infrastructure	16.0%	15.6%
Cash and other liquid funds	0.5%	0.3%
GMPF	10.4%	15.2%

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 2019 and 2020. 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 2019 and 2020 would have been as shown in the tables below.

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

Asset Type	31 March 2019 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,932,738	16.6%	4,585,573	3,279,903
Overseas equities	8,622,694	16.9%	10,079,929	7,165,459
Fixed interest bonds	1,281,083	9.7%	1,405,348	1,156,818
Index linked bonds	1,203,621	7.2%	1,290,282	1,116,960
Corporate bonds	1,330,625	10.1%	1,465,018	1,196,232
High yield debt	1,334,743	7.3%	1,432,179	1,237,307
Investment property	1,943,790	14.3%	2,221,752	1,665,828
Private equity	1,737,906	28.3%	2,229,733	1,246,079
Infrastructure	1,157,776	16.0%	1,343,020	972,532
Cash and other liquid funds	1,320,966	0.5%	1,327,571	1,314,361
GMPF	**23,865,942**	**10.4%**	**26,348,000**	**21,383,884**

Note: the above tables do 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 2020, GMPF had £153,187,000 (2018/19 £323,963,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £1,532,000 (2018/19 £3,234,000) 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 2020 was £391,100,000 (31 March 2019 £724,524,000). This was held with the following institutions:

SUMMARY	RATING	Balance at 31 March 2019 £000	Balance at 31 March 2020 £000
Money market Funds			
Aberdeen Assets	AAA	41,400	75,000
Federated	AAA	75,000	0
J P Morgan	AAA	75,000	0
Morgan Stanley	AAA	75,000	15,100
Invesco	AAA	75,000	0
Banks			
Bank of Scotland	A+	20,000	30,000
Close Brothers	A+	10,000	10,000
Barclays	AA-	50,000	50,000
RBS	A+	4,124	0
Local authorities & public bodies			
Aberdeenshire Council	N/A	10,000	10,000
Ashford Council	N/A	15,000	0
Birmingham City Council	N/A	25,000	0
Blackpool Council	N/A	5,000	0
Cambridgeshire County Council	N/A	0	20,000
Doncaster Council	N/A	5,000	0
Eastleigh Council	N/A	48,000	10,000
Eatbourne Council	N/A	5,000	0
Falkirk Council	N/A	0	10,000
GM Combined Authority	N/A	30,000	50,000
Kingston Upon Hull Council	N/A	10,000	10,000
Lancashire PCC	N/A	5,000	0
Leeds City Council	N/A	10,000	10,000
London Borough of Enfield	N/A	10,000	10,000
Mid Suffok DC	N/A	0	5,000
North Lanarkshire Council	N/A	0	10,000
Northamptonshire Council	N/A	10,000	0
Northumberland Council	N/A	10,000	0
Northumbria PCC	N/A	6,000	0
PCC West Mercia	N/A	0	10,000
Plymouth Council	N/A	10,000	10,000
Redcar Council	N/A	7,000	0
Rotherham Council	N/A	20,000	20,000
Salford Council	N/A	5,000	0
Slough Council	N/A	15,000	10,000
Suffolk Council	N/A	5,000	0
Surrey Council	N/A	10,000	10,000
Surrey Heath Borough Council	N/A	7,000	0
Tewkesbury Borough Council	N/A	11,000	6,000
Thurruck Council	N/A	5,000	0
Totals		**724,524**	**391,100**

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 £391 million cash balances at 31 March 2020.

All financial liabilities at 31 March 2020 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 2019 £000	Liquidity terms	31 March 2020 £000
18,677,471	Assets realisable within 7 days	16,126,139
101,000	Assets realisable in 8-30 days	96,000
75,000	Assets realisable in 31-90 days	0
5,012,471	Assets taking more than 90 days to realise	5,761,912
23,865,942	**Total**	**21,984,051**

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 2019 £000		**31 March 2020 £000**
(145,922)	Employees contributions	(152,068)
	Employers:	
(427,822)	Normal contributions	(445,468)
(19,618)	Deficit recovery contributions	(14,694)
(447,440)	Total employers contributions	(460,162)
(593,362)	Total contributions	**(612,230)**

By Authority

31 March 2019 £000		31 March 2020 £000
(351,231)	Part 1 Schedule 2 Scheme Employers	(372,796)
(119,325)	Designating bodies	(123,258)
(106,582)	Community admission bodies	(95,521)
(16,224)	Transferee admission bodies	(20,655)
(593,362)		**(612,230)**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) (such as local authorities), which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

At the 2016 Actuarial Valuation, GMPF was assessed as 93% funded. The employer contribution rates specified are minimum rates. Some employers make voluntary payments in excess of these minimum rates and some make contributions in excess of their future service rate in order to help repay a deficit position over a period. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2016 Actuarial Valuation report located www.gmpf.org.uk.

6. Benefits Payable

By Category

31 March 2019 £000		31 March 2020 £000
670,179	Pensions	707,822
115,419	Commutation & lump sum retirement benefits	134,077
18,016	Lump sum death benefits	18,303
803,614		**860,202**

By Authority

31 March 2019 £000		31 March 2020 £000
602,643	Part 1 Schedule 2 Scheme Employers	641,407
33,659	Designating bodies	38,413
151,301	Community admission bodies	161,833
16,011	Transferee admission bodies	18,549
803,614		**860,202**

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

7. Payments to and on account of leavers

31 March 2019 £000		31 March 2020 £000
1,526	Group transfers to other schemes	0
39,784	Individual transfers to other schemes	40,726
48	Payments for members joining state scheme	(54)
(18)	Income for members from state scheme	(12)
1,627	Refunds to members leaving service	1,691
42,967		**42,351**

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 2019 £000		31 March 2020 £000
1,311	Employee costs	1,538
292	Support services including IT	756
5,520	Transaction costs (public managers) *	5,967
17,683	Management fees	19,010
238	Custody fees	253
25,044		**27,524**

** Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They comprise £2,002.000 (2019 £1,601,000) Commissions and £3,965.000 (2019 £3,919,000) Other Costs which included UK stamp duty and market levies.*

Administrative costs:

31 March 2019 £000		31 March 2020 £000
3,889	Employee costs	4,563
1,674	Support services including IT	1,088
186	Printing and publications	16
5,749		**5,667**

Oversight and governance costs:

31 March 2019 £000		31 March 2020 £000
559	Employee costs	376
402	Support services including IT	239
167	Governance and decision making costs	159
27	Investment performance monitoring	19
67	External audit fees *	59
108	Internal audit fees	114
130	Actuarial fees - investment consultancy	108
252	Actuarial fees	504
1,712		**1,578**

** Total fee paid to external auditors in 2019/20 is £58,970 (2018/19 £67,383) of which £22,800 (2018/19 £24,000) was paid in relation to work carried out on behalf of GMPF's main scheme employers.*

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

8a. Costs related to the Northern LGPS Pool

	At 31 March 2020			
	Direct £000	Indirect £000	Total In Year £000	Cumulative £000
Set up costs:				
Recruitment	0	0	0	0
Legal	6	0	6	71
Procurement	0	0	0	30
Other support costs	0	0	0	0
Share purchase/subscription costs	0	0	0	0
Other working capital provided	0	0	0	0
Staff costs	0	0	0	0
Other costs	64	0	64	146
Total set up costs	**70**	**0**	**70**	**247**
	At 31 March 2019			
	Direct £000	**Indirect £000**	**Total £000**	**Cumulative £000**
Set up costs:				
Legal	65	0	65	65
Procurement	30	0	30	30
Other costs	82	0	82	82
Total set up costs	**177**	**0**	**177**	**177**

9. Investment income

31 March 2019 £000		31 March 2020 £000
(41,777)	Fixed interest (corporate and government bonds)	(41,231)
(281,532)	Equities	(319,926)
(2,259)	Index linked	(2,801)
(70,730)	Pooled investment vehicles	(118,040)
(41,166)	Investment property (gross)	5,580
6,233	Investment property non-recoverable expenditure	(38,650)
(4,760)	Interest on cash deposits	(7,799)
(711)	Stocklending	(771)
(436,702)		**(523,638)**

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, Stone Harbor pooled funds for global credit, 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.

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 2019/20 amounts to £3,973,000 (2018/19 £5,192,000) 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 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.

Change in fair value is reconciled in the table below:

	£000	31 March 2020 £000
Unrealised losses at 31 March 2020	2,024,256	
Unrealised (profits) at 31 March 2020	(1,251,107)	773,149
Realised losses 1 April 2019 to 31 March 2020	198,425	
Realised (profits)1 April 2019 to 31 March 2020	(1,131,730)	(933,305)
Less:		
Unrealised (profits) at 31 March 2019	2,346,455	
Unrealised losses at 31 March 2019	(157,270)	2,189,185
Reduction/(Increase) in fair value of investments year ending 31 March 2020		**2,029,030**

	£000	31 March 2019 £000
Unrealised losses at 31 March 2019	157,270	
Unrealised (profits) at 31 March 2019	(2,346,455)	(2,189,185)
Realised losses 1 April 2018 to 31 March 2019	40,906	
Realised (profits)1 April 2018 to 31 March 2019	(579,114)	(538,208)
Less:		
Unrealised (profits) at 31 March 2018	2,193,939	
Unrealised losses at 31 March 2018	(334,712)	1,859,227
Reduction/(Increase) in fair value of investments year ending 31 March 2019		**(868,166)**

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

Value at 1 April 2019 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2020 £000
	Designated as at fair value through the fund account				
7,189,192	Equities	6,897,858	(4,066,936)	(2,190,982)	7,829,132
1,003,365	Bonds	622,254	(232,791)	40,867	1,433,695
369,914	Index linked	145,998	(143,858)	44,302	416,356
881,991	Investment property	75,702	(40,166)	(81,642)	835,885
0	Derivatives	112,941	(56,833)	(43,487)	12,621
13,453,499	Managed and unitised funds	2,757,475	(5,628,944)	201,912	10,783,942
22,897,961		10,612,228	(10,169,528)	(2,029,030)	21,311,631
	Loans and receivables				
755,437	Cash				484,347
190,225	Other investments and net assets				238,810
23,843,623	**Total**				**22,034,788**

Value at 1 April 2018 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2019 £000
	Designated as at fair value through the fund account				
6,751,242	Equities	2,612,587	(2,133,183)	(41,454)	7,189,192
1,325,276	Bonds	34,995	(388,050)	31,144	1,003,365
492,859	Index linked	129,307	(285,710)	33,458	369,914
755,145	Investment property	140,665	(32,218)	18,399	881,991
6,344	Derivatives	14,494	(29,587)	8,749	0
12,491,416	Managed and unitised funds	2,044,387	(1,900,174)	817,870	13,453,499
21,822,282		4,976,435	(4,768,922)	868,166	22,897,961
	Loans and receivables				
587,141	Cash				755,437
87,122	Other investments and net assets				190,225
22,496,545	**Total**				**23,843,623**

Bonds

31 March 2019 £000		31 March 2020 £000
43,590	UK public sector quoted	52,049
180,358	Overseas public sector quoted	442,782
704,702	UK corporate quoted	541,544
74,715	Overseas corporate quoted	397,320
1,003,365		**1,433,695**

Investment Property

31 March 2019 £000		31 March 2020 £000
756,645	UK - Main investment property portfolio	671,430
125,346	UK - Greater Manchester Property Venture Fund	164,455
881,991		**835,885**

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

With the sole exception of one investment property, 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, hold/sell decisions for the investment properties remain under active review, subject to business plan progress and investment market sentiment. Whilst some assets are likely to be sold over the short to medium term, no assets were being marketed or prepared for immediate sale at 31 March 2020.

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

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

** No properties were being marketed at 31 March 2020*

Movement in the fair value of investment properties in 2018/19	**£000**
Balance at 1 April 2018	755,145
Purchases	136,893
Expenditure during year	3,772
Disposals	(32,218)
Net gains/ (losses) from fair value adjustments	18,399
Balance at 31 March 2019	**881,991**

Future operating lease rentals receivable

31 March 2019 £000		31 March 2020 £000
35,455	Not later than 1 year	36,599
124,811	Later than 1 year, but not later than 5 years	123,091
167,099	Later than 5 years	194,836
327,365	**Total**	**354,526**

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 2019 £000		31 March 2020 £000
	Investment assets:	
0	Forward currency contracts	4,878
0	Financial futures	14,041
0		18,919
	Investment liabilities:	
0	Forward currency contracts	(6,232)
0	Financial futures	(66)
0	**Net (liability)/asset**	**12,621**

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

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

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

The above tables analyse the derivative contracts held at 31 March 2020 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 2019 £000		31 March 2020 £000
460,915	UK Property	419,001
207,827	Overseas property	242,209
1,119,969	Global credit	1,057,994
388,939	Overseas equity	419,780
741,607	UK private equity, infrastructure & debt *	999,337
1,645,978	Overseas private equity, infrastructure & debt **	2,205,407
51,876	UK special opportunities portfolio	34,648
311,634	Overseas special opportunities portfolio	371,329
4,928,745	**Managed funds**	**5,749,705**
490,085	Property	466,833
4	Overseas private equity	0
490,089	**Unit trusts**	**466,833**
47,553	Property	47,263
321,378	UK quoted equity	63,965
687,844	UK fixed interest	226,982
811,389	UK index linked securities	688,631
487,389	UK corporate bonds	605,060
323,363	UK cash instruments	372,686
4,655,924	Overseas quoted equity	1,477,991
369,292	Overseas fixed interest	228,356
63,818	Overseas corporate bonds	414,445
22,318	Overseas index linked securities	218,213
214,774	Global credit	197,306
29,623	Inflation funds	26,507
8,034,665	**Insurance policies**	**4,567,405**
13,453,499	**Total pooled investment vehicles**	**10,783,943**

* includes £476,208,000 GLIL investment via the Northern LGPS Pool vehicle (2019 447,439,000)
** includes £57,014,000 NPEP investment via the Northern LGPS Pool vehicle (2019 £414,000)

Cash

31 March 2019 £000		31 March 2020 £000
729,702	Sterling	390,684
25,735	Foreign currency	93,663
755,437		**484,347**

Other investments balances and net assets

31 March 2019 £000		31 March 2020 £000
69,612	Amounts due from broker	6,156
57,385	Outstanding dividends and recoverable withholding tax	61,806
15,078	Gross accrued interest on bonds	17,588
1,044	Gross accrued interest on loans	4,384
67,730	Investment loans	68,381
0	Variation margin	26,374
1,695	Other accrued interest and tax reclaims	2,029
212,544	**Other investment assets**	**186,718**
(72,572)	Amounts due to broker	(4,454)
(707)	Irrecoverable withholding tax	(1,765)
(73,279)	**Other investment liabilities**	**(6,219)**
44,958	Employer contributions - main scheme	44,861
418	Employer contributions - additional pensions	944
19,054	Property	13,215
142	Admin & investment management expenses	466
8,984	Other	19,031
73,556	Current assets	78,517
(10,032)	Property	(8,700)
(5)	Employer contributions - main scheme	(19)
(1,487)	Employer contributions - additional pensions	(1,390)
(4,180)	Admin & investment management expenses	(5,620)
(6,892)	Other	(4,477)
(22,596)	Current liabilities	(20,206)
50,960	**Net current assets**	**58,311**
190,225	**Other investment balances and net assets**	**238,810**

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.

Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £1,999,000 for 2019/20 (2018/19 £7,397,000).

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

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.

31 March 2019 £000		31 March 2020 £000
	Private market and alternative investments	
59,533	- performance related	64,237
56,421	- non-performance related	66,948
	Pooled Investments	
9	- performance related	37
2,560	- non-performance related	4,843
	Indirect investment property	
1,253	- performance related	12,502
15,503	- non-performance related	25,544
135,279		**174,111**

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund

31 March 2019 £000		31 March 2020 £000
125,346	Greater Manchester Property Venture Fund	164,455

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 2019 £000		31 March 2020 £000
38,900	UK equities	0
57,787	Overseas equities	0
77,389	UK corporate bond	173,485
458,378	UK Index linked	473,287
18,633	Cash instruments	21,074
57,483	Cash	53,622
29,622	Inflation funds	26,507
214,774	High yield debt	197,306
952,966		**945,281**

14. Summary of managers' portfolio values at 31 March

2019			2020	
£m	%		£m	%
		Externally managed		
8,351	35.0%	UBS Global Asset Management	7,119	32.3%
7,987	33.5%	Legal & General	4,520	20.5%
0	0.0%	Sci Beta	1,912	8.7%
1,250	5.2%	Investec	1,430	6.5%
1,120	4.7%	Stone Harbor	1,058	4.8%
1,044	4.4%	LaSalle	880	4.0%
125	0.5%	Avison Young (advisory mandate)	164	0.7%
19,877	83.3%		17,083	77.5%
		Internally managed		
2,779	12.2%	Private equity	3,615	16.4%
58	0.2%	Designated funds	54	0.2%
891	3.3%	Property (indirect)	964	4.4%
239	1.0%	Cash, other investments and net assets	318	1.50%
3,967	16.7%		4,951	22.5%
23,844	**100.0%**	**Total**	**22,034**	**100.0%**

15. Concentration of investment

As at 31 March 2020, GMPF held, respectively, 15.08% and 1.38% 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. During the year contract MF37010 was terminated.
The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:

31 March 2019 £000	POLICY MF32950	31 March 2020 £000
1,624,228	Overseas equities	1,325,995
381,111	UK fixed interest	217,765
186,556	UK corporate bonds	413,617
89,088	Overseas fixed interest	219,088
306,773	UK Index linked	206,607
0	Overseas index linked	209,385
247,081	UK cash instruments	333,740
0	Overseas corporate bonds	397,219
2,834,837		**3,323,416**

31 March 2019 £000	POLICY MF36558	31 March 2020 £000
282,478	UK equities	63,965
584,460	Overseas equities	151,996
71,317	UK fixed interest	9,217
96,561	UK corporate bonds	17,958
45,429	Overseas fixed interest	9,268
46,237	UK Index linked	8,737
57,649	UK cash instruments	17,872
22,318	Overseas index linked	8,828
12,424	Overseas corporate bonds	17,226
1,218,873		**305,067**

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31 March 2019 £000	POLICY MF37010	31 March 2020 £000
2,157,631	Overseas equities	0
235,416	UK fixed interest	0
126,883	UK corporate bonds	0
234,776	Overseas fixed interest	0
51,394	Overseas corporate bonds	0
2,806,100		**0**

16. Notifiable interests

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

UK Equity 31 March 2019 %		UK Equity 31 March 2020 %
3.7	Balfour Beatty PLC	3.7
7.7	Brown (N) Group PLC	7.7
5.0	Chemring Group PLC	0.0
3.3	Intu Properties PLC	3.3
0.0	Man Group PLC	4.7
7.4	Mothercare PLC	6.7
0.0	Royal Mail PLC	3.6
5.0	RPS Group PLC	6.1
4.0	Serco Group PLC	0.0
5.0	SIG PLC	5.3
5.7	STV Group PLC	5.1
5.2	TT Electronics PLC	0.0
3.7	Volution GRP PLC	3.4

17. Undrawn commitments

31 March 2019 £000	Asset type	Nature of commitment	31 March 2020 £000
508	Directly held investment property	Commitments re demolition or refurbishment work	275
70,608	Directly held investment property	Commitments regarding purchases	33,898
2,032,516	Indirect private equity and infrastructure	Commitments to fund	2,106,524
295,168	Special Opportunities portfolio	Commitments to fund	311,845
243,333	Property managed funds	Commitments to fund	184,380
6,289	Property unit trusts	Commitments to fund	3,761
9,225	Commercial/domestic based property unit trust	Commitments to fund	10,699
12,039	Local Investment 4 Growth fund	Commitments to fund	16,651
204,806	Local Impact Portfolio	Commitments to fund	196,469
31,137	Greater Manchester Property Venture Fund	Commitment to lend	6,038
600,010	Private debt portfolio	Commitment to fund	514,238
3,505,639			**3,384,778**

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 £7,894,000 on behalf of GMPF and reclaimed from HMRC VAT of £5,535,000 net. Total payments due to Tameside MBC therefore, amounted to £2,359,000 (2018/19 £8,402,000). As GMPF had reimbursed Tameside MBC £4,726,000 for these charges, there is a Debtor of £2,367,000 owing to GMPF at the year-end (2018/19 £2,218,000 Creditor). This debt will be netted off future payments due to Tameside MBC.

There is no direct charge to GMPF for the services of the Director of Governance & Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link: http://www.tameside.gov.uk/constitution/part6

Other key management personnel full time and total remuneration, including employer's pension contributions, are as shown below:

Assistant Director of:	**Salary Entitlement (Full Time Equivalent)**	**Salary, Fees & Allowances (Paid in year)**	**Employers Pensions Contributions (Paid in year)**	**Total (Paid in year)**
	£	**£**	**£**	**£**
Pensions (Special Projects)	*92,320*	41,031	8,617	**49,648**
Pensions (Investments)	*92,320*	92,320	19,387	**111,707**
Pensions (Funding & Business Development)	*92,320*	92,320	19,387	**111,707**
Pensions (Local Investments & Property)	*92,320*	92,320	19,387	**111,707**
Pensions (Administration)	*81,495*	81,495	17,114	**98,609**

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

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 2019/20	Company in which directorship is held	Company Registration Number
Steven Pleasant	Chief Executive	Airport City (General Partner) Ltd	08723477
Sandra Stewart	Director of Governance & Pensions	Northern Pool GP (No1) Ltd	11360203
Neil Charnock	Head of Pension Fund Legal	Hive Bethnal Green Ltd	09362438
Patrick Dowdall	Assistant Director of Pensions (Local Investments & Property)	Matrix Homes (General Partner) Ltd	08980059
		Hive Bethnal Green Ltd	09362438
		GLIL Corporate Holdings Ltd	10046509
		Plot 5 First Street Nominee Ltd	09919396
		Plot 5 First Street GP Ltd	09904743
		GMPF UT (Second Unit Holder) Ltd	08725454
		Airport City (Asset Manager) Ltd	08723467
		Manchester Charles Street Residential (ELP GP) Ltd	10977358
		Manchester Charles Street Residential (SLP GP) Ltd	SC576947
		Manchester New Square (General Partner) Ltd	11082473
		Semperian PPP Investment Partners Holdings Ltd (Jersey Registration)	98327
Daniel Hobson	Head of Real Assets	GLIL Corporate Holdings Ltd	10046509
		GLIL Corporate Holdings 2 Ltd	10824179
		Rock Rail East Anglia (Holdings) 1 Ltd	10266130
		Rock Rail East Anglia (Holdings) 2 Ltd	09918883
		Rock Rail East Anglia PLC	10360543
		GLIL Renewable Holdings	12315576
		Clyde Windfarm (Scotland) Ltd	SC281105
		Camulodunum Investments Ltd	11108175
John Douglas	Investment Manager	GLIL Renewable Holdings	12315576
Kevin Etchells	Investment Manager	Island Site (General Partner) Ltd	11532059
		Island Site (Nominee) Ltd	11532379

Name	Position in GMPF 2019/20	Company in which directorship is held	Company Registration Number
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Ltd	08725454
		Matrix Homes (General Partner) Ltd	08980059
		Plot 5 First Street GP Ltd	09904743
		Plot 5 First Street Nominee Ltd	09919396
		Manchester Charles Street Residential (ELP GP) Ltd	10977358
		Manchester Charles Street Residential (SLP GP) Ltd	SC576947
		Island Site (General Partner) Ltd	11532059
		Island Site (Nominee) Ltd	11532379
		Manchester New Square (General Partner) Ltd	11082473

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 J Fitzpatrick	Councillor member
Cllr D Ward	Councillor member
Cllr C Patrick	Councillor member
Cllr L Drennan	Councillor member
Cllr A Jabbar	Councillor member
Cllr T Halliwell	Councillor member

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

Name	Position
Cllr G Cooney	Councillor member
Cllr M Smith	Councillor member
Cllr K Cunliffe	Councillor member
Cllr A Mitchell	Councillor member

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

Name	Position
Cllr C Patrick	Councillor member

The following Members of the Management and Advisory Panels and the Local Board, by virtue of their membership of GMPF in previous employments and attaining the appropriate age or other criterion, are in receipt of pension benefits:

Name	Position
Cllr V Ricci	Councillor member
Cllr M Smith	Councillor member
Cllr A Jabbar	Councillor member
Cllr P Andrews	Councillor member
R Paver	Employer representative
J Thompson	Employee representative
F Llewellyn	Employee representative
M Fulham	Employee representative
P Catterall	Scheme member representative

Each member of the Local Board, the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the Members by their respective Councils. Those relevant to GMPF Management Panel or Board membership, i.e. where the organisation is a GMPF contributing employer, are listed below:

Name	Position & Organisation	Organisation relationship with GMPF
Cllr B Warrington	Member of Greater Manchester Combined Authority	Contributing employer
Cllr G Cooney	Employee of Manchester City Council	Contributing employer
	Director of Jigsaw Homes Group (Reg No 29433R)	Contributing employer
	Director of Ashton Pioneer Homes Ltd (Reg.No. 03383565)	Contributing employer
	Director of Pioneer Homes Services Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg.No. 06546606)	Contributing employer
	Director of Ashton Pioneer Homes Developments Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg.No. 03989251)	Contributing employer
	Director of Mechanics' Centre Ltd (Reg.No. 01983373)	Contributing employer
Cllr B Fairfoull	Member of Manchester Airport Consultative Committee	Contributing employer
Cllr A Jabbar	Deputy - Greater Manchester Combined Authority	Contributing employer
	External Member - Oldham College	Contributing employer
Cllr T Sharif	Director of Homestart Oldham, Stockport and Tameside Limited	Contributing employer

Name	Position & Organisation	Organisation relationship with GMPF
Cllr K Cunliffe	Director of Wigan MDC Limited	Contributing employer
Cllr S O'Neill	Member of Greater Manchester Combined Authority	Contributing employer
Cllr M Barnes	Employee of University of Salford	Contributing employer
Cllr A Mitchell	Member of Groundwork - Manchester, Salford, Stockport, Tameside & Trafford	Contributing employer
Cllr P Andrews	Director of Manchester Working Ltd Member of Manchester Airport Consultative Committee Governor of Newall Green Primary School Director of Mechanics' Centre Ltd (Reg.No. 01983373)	Contributing employer Contributing employer Contributing employer Contributing employer
P Herbert	Employee of Ministry of Justice	Contributing employer
K Drury	Employee of University of Manchester	Contributing employer
A Flatley	Employee of Bolton MBC	Contributing employer
P McDonagh	Employee of Manchester City Council	Contributing employer
M Fulham	Employee of Bury MBC	Contributing employer
R Paver	Employee of Greater Manchester Combined Authority Member of the Executive Board of Transport for Greater Manchester Director of MIDAS Ltd (Reg.No. 03323710) Director of Education and Leadership Trust (Reg.No. 08913502)	Contributing employer Contributing employer Contributing employer Contributing employer
M Rayner	Employee of Stockport MBC	Contributing employer
D Schofield	Employee of Manchester City Council	Contributing employer
J Hammond	Employee of Bury MBC	Contributing employer
C Lloyd	Employee of Tameside MBC	Contributing employer
C Goodwin	Employee of University of Manchester	Contributing employer
P Taylor	Employee of LTE Group	Contributing employer
M Cullen	Employee of Stockport MBC	Contributing Employer

19. Employer related investment

As at 31 March 2020 GMPF had amounts on short-term loan to one contributing employers: Greater Manchester Combined Authority £50,000,000 (2019 £30,000,000). The investment was made by GMPF as part of its day-to-day treasury management activities.

As at 31 March 2019 GMPF had £5,000,000 on short-term loan to Salford City Council. This was repaid during 2019/20. There was £nil on loan to this employer at 31 March 2020.

At 31 March 2019, as part of its normal investment activities conducted through its investment fund managers, GMPF owned shares with a market value of £11,046,090 in First Group PLC, which is the ultimate parent company of three subsidiaries who are contributing employers to GMPF. These shares were divested in year with £nil value remaining at 31 March 2020.

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

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

As at 31 March 2020 Greater Manchester Property Venture Fund includes a standing investment of office accommodation. Part of this property is leased to Irwell Valley Housing Association who are a contributing employer to GMPF.

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

Contribn from Employers 2019 £m	Contribn from Employees 2019 £m	Benefits Paid 2019 £m		Contribn from Employers 2020 £m	Contribn from Employees 2020 £m	Benefits Paid 2020 £m
(23)	(7)	41	Bolton Borough Council	(24)	(7)	43
(16)	(5)	27	Bury Borough Council	(15)	(5)	29
(45)	(15)	101	Manchester City Council	(47)	(16)	107
(2)	(5)	34	Oldham Borough Council	(3)	(5)	36
(19)	(6)	35	Rochdale Borough Council	(20)	(6)	37
(20)	(6)	40	Salford City Council	(20)	(6)	43
(2)	(7)	32	Stockport Borough Council	(3)	(7)	35
(1)	(5)	34	Tameside Borough Council (administering authority)	(3)	(6)	36
(1)	(4)	25	Trafford Borough Council	(2)	(5)	28
(27)	(8)	42	Wigan Borough Council	(27)	(9)	45
(194)	(52)	226	Other scheme employers *	(204)	(55)	241
(97)	(26)	167	Admitted bodies *	(92)	(25)	180
(447)	**(146)**	**804**		**(460)**	**(152)**	**860**

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2019/20 which will be available at www.gmpf.org.uk.

21. Investment Strategy Statement and Funding Strategy Statement

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

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2019. A copy of the valuation report can be found on the GMPF website
https://www.gmpf.org.uk/getmedia/ae7f4bbc-efb5-4c0d-9715-58be74eaafe9/Greater-Manchester-Pension-Fund-2019-Valuation-Report.pdf
The funding policy is set out in the Funding Strategy Statement (FSS) dated March 2020 The key funding principles are as follows:

- to ensure the long-term solvency of GMPF using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to GMPF, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs borne by Council Taxpayers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves GMPF having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Taxpayer, from an employer defaulting on its pension obligations.

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The valuation revealed that GMPF's assets, which at 31 March 2019 were valued at £23,844 million, were sufficient to meet 102% of the present value of promised retirement benefits earned. The resulting surplus was £529 million. The present value of promised retirement benefits at 31 March 2020 can be found in Note 25.

The key financial assumptions adopted for the 2019 valuation were:

	31 March 2019	
Financial Assumptions	**% p.a. Nominal**	**% p.a. Real**
Discount rate	3.60%	1.30%
Pay Increases *	3.10%	0.80%
Price Inflation/Pension increases	2.30%	-

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 revaluation to retirement or expected earlier date of leaving pensionable membership.

23. Stock lending

GMPF's custodian, Northern Trust, is authorised to release stock to third parties under a stock lending agreement. Under the agreement, GMPF does not permit Northern Trust to lend UK or US equities.

At the year end the value of stock on loan was £313.8 million (31 March 2019: £163.5 million) in exchange for which the custodian held collateral at fair value of £333.7 million (31 March 2019: £176.7 million), which consisted exclusively of government bonds and government guaranteed bonds.

24. AVC Investments

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

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

Contributions paid		£8,499,236
Units purchased	4,867,818	
Units sold	3,808,664	
Fair value as at 31 March 2020		**£72,333,546**
Fair value as at 31 March 2019		£73,197,565

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2019/20 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

Allowance has been made for the impact of indexation relating to the ruling on the equalisation of Guaranteed Minimum Pensions (GMPs) between men and women. No allowance has been made in respect of the impact of GMP equalisation on LGPS funds as the guidance on calculation is yet to be confirmed.

Allowance has been made for the "McCloud" ruling i.e. an estimate of the potential increase in past service benefits arising from the findings of the Court of Appeal in relation to claims of age discrimination in the Firefighters' and Judges' pension schemes case affecting public service pension schemes.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2019/20.

Financial Assumptions

31 March 2019 % p.a.	Year ended:	31 March 2020 % p.a.
2.5%	Inflation/pension increase rate	% p.a.
2.6%	Salary increase rate	1.9%
2.4%	Discount rate	2.7%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2018 model, assuming the current rate of improvements has reached a peak and will converge to a long-term rate of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	Males	Females
Future pensioners*	20.5 years	23.1 years

** future pensioners are assumed to be currently aged 45*

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

Value of promised retirement liabilities

31 March 2019 £m		31 March 2020 £m
30,555	Present value of promised retirement	£m

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019.

Sensitivity analysis

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

31 March 2019			31 March 2020	
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)
8%	2,444	0.5% increase in the Pension Increase Rate	9%	2,544
2%	611	0.5% increase in the Salary Increase Rate	1%	283
3%	917	1 year increase in member life expectancy	3%	848
11%	3,361	0.5% decrease in Real Discount Rate	10%	2,826

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.

Agenda Item 9.

Report To:	**AUDIT PANEL**
Date:	28 July 2020
Executive Member / Reporting Officer:	Councillor Ryan – Executive Member – Finance and Economic Growth Tom Wilkinson – Assistant Director of Finance
Subject:	**TREASURY MANAGEMENT ACTIVITIES**
Report Summary:	The report sets out the Treasury Management activities for the financial year 2019/20. As investment interest rates were lower than external borrowing rates throughout the year, available cash reserves were used to fund our long term borrowing requirements on a temporary basis. This resulted in lower than anticipated borrowing costs, with an overall interest saving of £0.499m, due to a combination of stronger investment returns and borrowing being taken up at a time of very favourable interest rates. At year-end the total investment balance was £143m and total long term borrowing was £141m. Investment income was £2.268m.
Recommendations:	Audit Panel are asked to: 1. Note the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF). 2. Note the outturn position for the prudential indicators in **Appendix A.**
Corporate Plan:	The Treasury Management function of the Council underpins the ability to finance the Council's priorities.
Policy Implications:	In line with Council Policies
Financial Implications: **(Authorised by the Section 151 Officer)**	The achievement of savings on the cost of financing the Council's debt through repayment, and rescheduling, together with interest earned by investing short term cash surpluses, is a crucial part of the Council's medium term financial strategy. This has to be carefully balanced against the level of risk incurred. The financial implications of treasury activities are determined by: 1. The value and timing and interest rate of any borrowing undertaken (if any) 2. The amount of cash available for investment and the return achieved on this investment A saving on interest of £0.499m was achieved against the 2019/20 budget by delaying borrowing and from greater than budgeted for returns on the investment balances. Borrowing and investment rates are monitored daily in order to ensure any borrowing is taken up at the optimum time.

	The investment returns for 2019/20 were £0.577m greater than the London Interbank Bid Rate (LIBID) benchmark.
Legal Implications: **(Authorised by the Borough Solicitor)**	There is a statutory duty for the Council to set, monitor and comply with its requirements to ensure a balanced budget, and sound treasury management is a key tool in managing this process. Demonstration of sound treasury management will in turn provide confidence to the Council that it is complying with its fiduciary duty to the public purse, and allows the Council to better plan and fulfil its key priorities for the coming year. Members should ensure they understand the meaning of Appendix A and the outturn of prudential indicators they are being asked to approve, and the reasons for the same, before making their decision.
Risk Management:	Financial investments are inherently risky and a number of Local Authorities lost significant investments as part of the financial crisis in 2009. Through the Council's Treasury Management Advisers, a robust investment framework is used which aims to limit counterparty risk by only investing with high rated, institutions, placing limits on the size of investments with any one institution, and restricting the length of time that investments can be held with any one institution. Advice is also provided on the timing of any borrowings to try to minimise the rates paid. Failure to properly manage and monitor the Council's loans and investments could lead to service failure and loss of public confidence.
Access to Information:	The background papers relating to this report can be inspected by contacting Tom Austin, Financial Management, by: phone: 0161 342 3857 e-mail: Thomas.austin@tameside.gov.uk

1. INTRODUCTION

1.1 This is the Annual Report on Treasury Management for the financial year 2019/20. The report is required to be submitted to the Audit Panel, in accordance with CIPFA's Code of Practice on Treasury Management, the Council's Financial Regulations and the CIPFA Prudential Code.

1.2 The report is in respect of both Tameside and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), which is the former Greater Manchester County Council Debt of which Tameside is the responsible Authority on behalf of the ten Greater Manchester Councils.

The objective of the report is:

a) To outline how the treasury function was managed during the year and how this compares to the agreed strategy.
b) To set out the transactions made in the year;
c) To summarise the positions with regard to loans and investments at 31 March 2020; and
d) To set out the outturn position of the Council's prudential indicators.

2. TREASURY MANAGEMENT

2.1 Treasury Management is defined as:

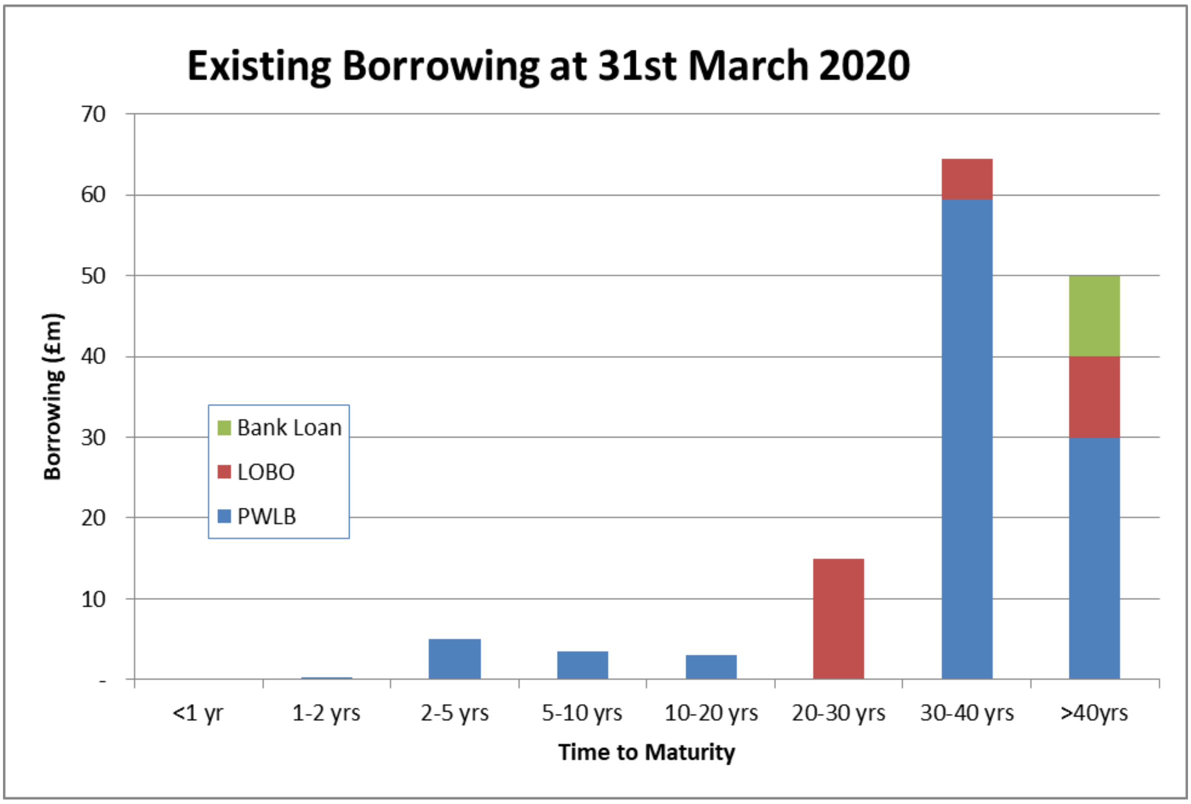
"The management of the local authority's cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return associated with these risks".

2.2 Within this definition, the Council has traditionally operated a relatively low risk strategy. This in effect means that controls and strategy are designed to ensure that borrowing costs are kept reasonably low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments are involved, the policy is to ensure the security of the asset rather than pursue the highest returns available. These objectives are in line with the Code of Practice.

2.3 The global pandemic and inevitable global recession has raised the overall possibility of default. The Council continues to maintain strict credit criteria for investment counterparties to manage this risk. A system of counterparty selection was agreed by the Council as part of the budget setting process and this is still valid.

3. LONG TERM BORROWING

3.1 The Council can only borrow to finance investment in capital assets. The long-term debt of the Council reflects the capital expenditure financed by loans, which are yet to be repaid. Total borrowing at the start of the year was £111.7m. This existing borrowing reduced to £111.4m over the course of the year; however, £30m of new borrowing was taken up in August 2019, meaning total borrowing was £141.4m at 31 March 2020. Of this borrowing £40m is market loans at an average interest rate of 4.27% and the remainder is from the PWLB at an average interest rate of 4.02%. The maturity profile is as follows:



3.2 The amount of long-term debt that the Council may have is governed by the Prudential Limits set by the Council at the start of the financial year. This is based on the amount of borrowing which the Council has deemed to be prudent. It also allows for advance borrowing for future years' capital expenditure if financially prudent to do so.

3.3 The Council must also allow for repayment of the debt, by way of the Minimum Revenue Provision (MRP). This is the minimum amount that the Council must set aside annually from its annual revenue budget to fund the repayment of that debt. The Local Authority (Capital Finance and Accounting) Regulations 2008 revised the previous detailed regulations and introduced a duty that an authority calculates an amount of MRP which it considered prudent, although the 2008 Regulations do not define "prudent provision", they provide guidance to authorities on how they should interpret this.

3.4 The Council's MRP policy for 2019/20 was set out in the Budget Report. The MRP charge for the year was £4.008m.

3.5 The majority of the Council's debt has been borrowed from the Public Works Loan Board (PWLB), and is solely made up of long term fixed interest loans. In previous years use has also been made of loans from banks. The main type of loan used is called a LOBO (Lender's Option - Borrower's Option) where after a pre-set time the lending bank has the option of changing the original interest rate. These loans are classified as variable interest rate loans when they reach option date. If the Council does not agree with the new interest rate, it has the option of repaying the loan. One of the Council's LOBO providers, Barclays, has waived their right to change the rate on their LOBO. This essentially converted that loan into a standard fixed rate loan with no risk of any increase in rate. The Council's current LOBO and bank loan portfolio is as follows:

Principal (£m)	Lender	Current Rate (%)	Start Date	Maturity Date	Loan Type
5	Just Retirement Ltd	4.65	27/01/2003	27/01/2043	LOBO
10	KBC	4.375	09/04/2003	09/04/2043	LOBO
5	Dexia	4.5	16/12/2004	16/12/2054	LOBO
10	Barclays	3.8	23/11/2005	23/11/2065	Fixed
10	Dexia	4.31	03/08/2007	03/08/2077	LOBO

3.6 The type of LOBO loans taken out by the Council are classified as “vanilla” which means they are simple options that are linked to the passage of time rather than changes in external factors such as interest rates which are considered more risky, as the rate the borrower pays in these instances can change overnight with market conditions.

3.7 The mixture of fixed and variable rates means that, although the Council can take some advantage when base rates are considered attractive, interest charges are not subject to high volatility which might occur if all debt was variable. However, longer term fixed rates are normally higher than variable rates.

3.8 Short term borrowing and lending are used to support cash flow fluctuations caused by uneven income and expenditure, and to temporarily finance capital expenditure when long term rates are high and expected to fall. It is an extremely important aspect of Treasury Management to ensure that funds are available to meet the Council's commitments, and that temporary surplus funds attract the best available rates of interest.

4. INTEREST RATES

4.1 Interest rates (both long term and short term) vary constantly, even though headline rates (e.g. base rate, mortgage rate) may remain the same for months at a time.

4.2 In addition, different banks may pay different rates depending on their need for funds, and more particularly their credit status. Rates for borrowing are significantly higher than lending for the same period.

4.3 Long term interest rates are based on Government securities (Gilts), which are potentially volatile with rates changing every day, throughout the day. PWLB fixed loan rates are changed on a daily basis. In view of this, gilts and all matters which affect their prices are continually reviewed.

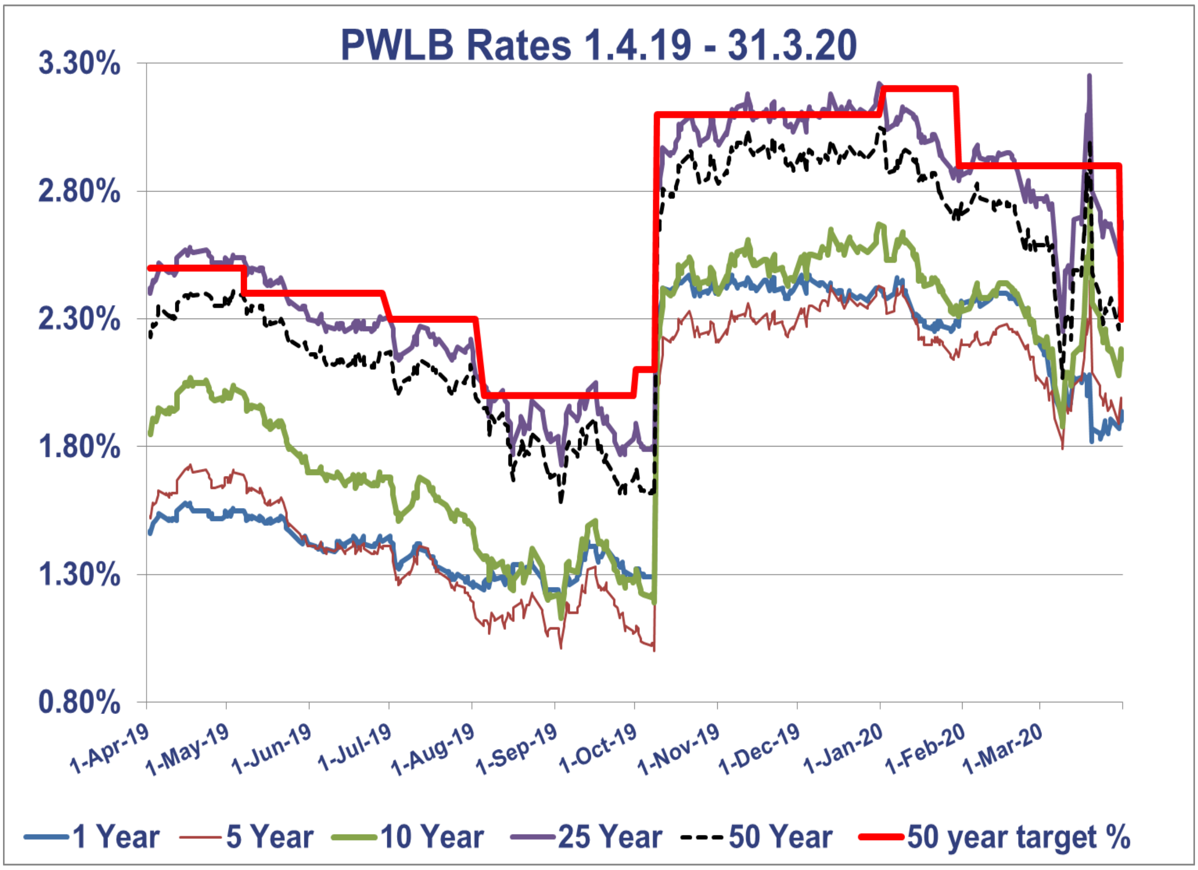
4.4 Investment returns remained low during 2019/20. The expectation for interest rates within the Treasury Management Strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020.

4.5 Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

4.6 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis in 2009. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

4.7 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets at a more expensive rate. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

4.8 The table shown below (published by Link) shows the comparative Public Works Loan Board interest rates available during 2019/20, for a range of maturity periods. The sharp increase in PWLB lending costs in October 2019 was due to the PWLB increasing the margin it charged over the gilt rate by a further 1%. This was done because rates had fallen to an all time low, and to discourage reckless borrowing by some Councils who were borrowing to then invest in higher yielding but more risk commercial investments.



5. ACTIVITIES 2019/20

Borrowing

5.1 The Council is entitled to borrow in order to finance capital expenditure that is not funded by other means such as grants and contributions. The Council has elected not to take up this borrowing due to unfavourable differences between borrowing and investment rates alongside existing large cash balances. This resulted in an "under" borrowed position of £78.663m based on initial assumptions around capital spend and financing.

5.2 The actual amount of long term borrowing which was required due to Council activity was £78.063m as outlined below: -

	£m
Loan financed capital expenditure:	
Outstanding for 2019/20	12.190
Outstanding from prior years	69.548
plus debt maturing in year	0.333
Less MRP repayments (excl. PFI)	(4.008)
Net Borrowing requirement	**78.063**
Less Borrowing taken up in year	(30.000)
Net Underborrowed position	**48.063**

5.3 Due to the unfavourable differences between borrowing rates and investment rates, and also to reduce the risk to the Council from investment security concerns, the Council's recent policy has been to meet the borrowing requirement from internal borrowing (i.e. reducing the cash balances rather than taking up additional external borrowing). This has reduced the level of investment balances that would be placed with banks and financial institutions, therefore reducing the Council's exposure to credit risk. In August 2019, due to favourable interest rates, £30m of borrowing was taken up from the PWLB.

5.4 The outstanding borrowing requirement of £48.063m will be taken up when both interest rates and investment security are deemed to be favourable, in consultation with the Council's treasury management advisors, Link. The need to borrow could be accelerated by the reduction of the Council's reserves due to cost pressures and other planned use. This situation, along with the interest rate environment, will be monitored closely to ensure borrowing is taken up at the optimum time.

Rescheduling

5.5 Rescheduling involves the early repayment and re-borrowing of longer term PWLB loans, or converting fixed rate loans to variable and vice versa. This can involve paying a premium or receiving a discount, but is intended to reduce the overall interest burden, since the replacement loan (or reduction of investment) is normally borrowed at a lower interest rate.

5.6 The use of rescheduling is a valuable tool for the Council, but its success depends on the frequent movement of interest rates, and therefore it cannot be estimated for. It will continue to be used when suitable opportunities arise, in consultation with our treasury management advisors, although such opportunities may not occur.

5.7 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling financially unviable.

5.8 The Section 151 Officer and the Council's treasury management advisors will continue to monitor prevailing rates for any opportunities to reschedule debt during the year.

Year end position

5.9 The following table sets out the position of the Council's debt at 1 April 2019, the net movement for the year, and the final position at 31 March 2020.

	Debt Outstanding 01/04/19	Cash Movement in Year	Debt O/S 31/03/20
Principal Amounts	**£000**	**£000**	**£000**
PWLB - fixed interest	71,142	29,667	100,809
PWLB - variable interest	0		0
Market Loans	40,000		40,000
* Manchester Airport	550		550
Temp Loans / (Investments)	(84,764)	(46,401)	(131,165)
Trust Funds, Contractor Deposits etc.	149	2	151
Net loans outstanding	**27,077**	**(16,732)**	**10,345**

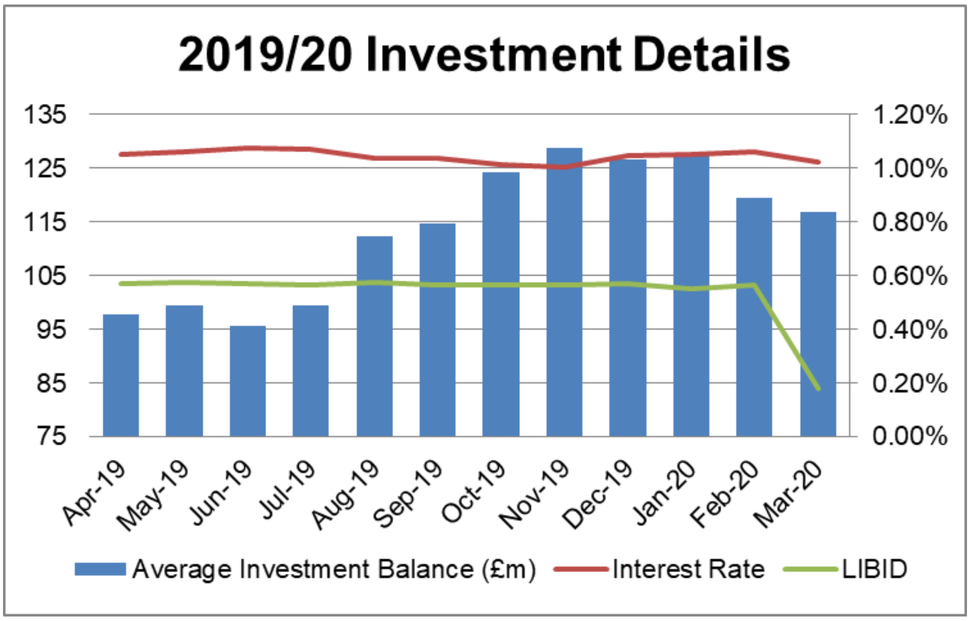
** Manchester Airport reflects debt taken over from Manchester City Council on 31 March 1994, which had been lent on to Manchester Airport. In 2009/10 the Airport re-negotiated the terms of this arrangement with the 10 Greater Manchester Authorities; previously the Airport reimbursed all costs, however from 9 February 2010 the Council receives fixed annual interest of 12% of the amount outstanding at that date (£8.667m). This is on a maturity basis and is due to be repaid in 2055.The underlying debt, shown above, is due to mature in 2027*

5.10 The amount of long term borrowing held by the Council (£141.4m) represents 24% of the Council’s total long term assets (£582.3m) as at 31 March 2020.

5.11 In addition, the Council temporarily utilised internal funds, balances and reserves including Insurance Funds and capital reserves, to finance capital expenditure rather than borrow externally, this underborrowing is an additional £48.1m.

Investments – managing cash flow

5.12 Short term cash flow activity was such that throughout the year the Council was always in a positive investment position. Since interest earned on credit balances with our own bankers is low and overdraft rates are high, investment and borrowing is carried out through the London Money Markets. The Council invests large sums of money, which helps ensure the interest rates earned are competitive. The following table shows the average investment balances by month, along with the interest rate earned and the LIBID benchmark for comparison.



5.13 The Local Government Act 2003 governs investments made by local authorities. The types of investments that may be made are controlled by guidance from the Department for Communities and Local Government. This guidance has split investments into two main categories – specified and non-specified investments.

5.14 Specified investments consist mainly of deposits with very highly rated financial institutions and other local authorities for periods of less than one year. The Council's approved "Annual Investment Strategy" for 2019/20 stated that at least 50% of investments would be "specified".

5.15 The Council's counterparty list mirrors that of the Council's advisors, Link Asset Services. The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system; it does not give undue preponderance to just one agency's ratings.

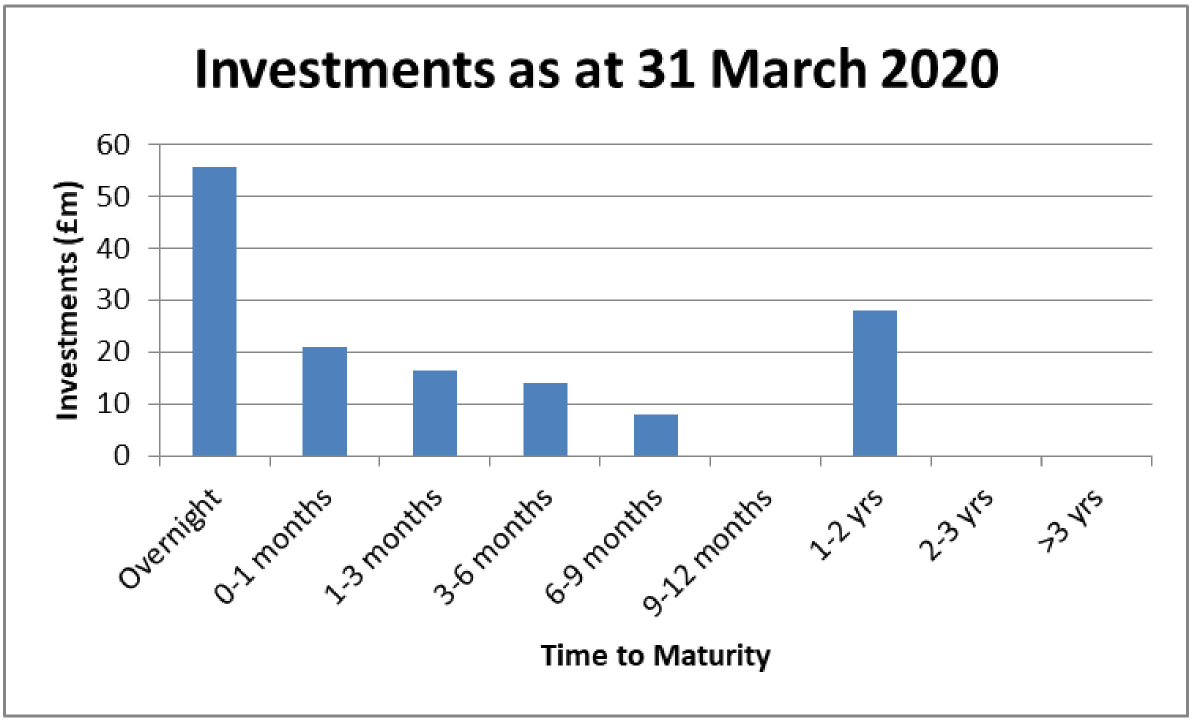
5.16 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

5.17 All investments placed in the year were in line with the approved strategy. Within this low risk strategy, the aim is to maximise the rate of return for the investments. In order to gauge whether the performance is satisfactory, it is necessary to compare it with a suitable benchmark. The normal benchmarks used to measure market rates are 7 day London Interbank Offer Rate (LIBOR) for loans, and 7 day London Interbank Bid Rate (LIBID) for investments, which represents the returns that the Council would generate if it were to adopt a passive investment strategy and hold all investments in call accounts. The actual returns for loans and investments were therefore measured against the theoretical performance of the above rates, using actual cash flow figures, and presents the value added by the treasury management team.

5.18 Tameside achieved an average investment rate of 1.04% on the average weekly investment of £113.6m, against a benchmark LIBID rate of 0.53%. This equated to a gain of £577k. Gains, such as this, can only be made by strategic investment, where interest rates do not follow the general "market" expectations. In effect, some investments were made for longer durations, attracting higher interest rates, while the shorter dated rates did not increase in line with market pricing.

5.19 The annual turnover for investments was £463m. A total of 139 individual investments were made, 14 of which were fixed term deals with banks and other Local Authorities.

5.20 As at 31 March 2020 the total investment portfolio was £143.1m. This consisted of £50.6m of Money Market Fund investments at an average rate of 0.42%, a £10m notice deposit with the Council's bankers, Barclays, £15m of notice money and £67.5m of fixed term investments at an average interest rate of 1.22%. The weighted average rate of the entire portfolio at 31st March was 0.87%. The maturity profile of the investments was as follows:



Interest payable and receivable in the year

5.21 As detailed above, the £78.063m borrowing requirement has been reduced by £30m of borrowing from the PWLB with the remainder met from internal borrowing during the year. This has reduced the level of investment balances placed with banks and financial institutions.

5.22 The overall result of the various activities undertaken during the year was that net interest charge was £0.499m less than the original estimate.

5.23 Interest payments associated with the above activities were:-

	Budget	Actual	Variation
	£m	£m	£m
External Interest			
Paid on Loans etc	5.763	5.532	(0.231)
Less received on Investments	(2.005)	(2.268)	(0.263)
Net external Interest paid	**3.758**	**3.264**	**(0.494)**
Internal Interest Paid	0.199	0.194	(0.005)
Total Interest Paid	**3.957**	**3.458**	**(0.499)**

5.24 Accounting rules do not allow interest to be paid on internal funds and revenue balances. Payments however are made in respect of such funds as insurance and trust funds etc. held by the Council on behalf of external bodies. The net effect on the Council is neutral.

6. CURRENT ACTIVITIES

6.1 Since the start of the 2019/20 financial year, no new rescheduling opportunities have been identified. The portfolio of loans held by the Council is reviewed on a regular basis by both the Treasury Management Section and by the Council's treasury management advisors (Link Asset Services).

6.2 In the 2017/18 Strategy, the Council expanded its counterparty list to include asset backed investments. No investments of this nature have been made to date.

6.4 A capital investment of £11.3m in Manchester Airport was approved by Executive Cabinet in February 2018. The investment takes the form of a shareholder loan which was advanced in two tranches during 2018/19. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget. This income has been included in the Medium Term Financial Plan approved by Council in February 2019.

6.5 In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport which will be funded by prudential borrowing. The investment has been drawn down in three tranches over the course of March and April 2020 with the first dividend payment expected in 2021. No income is currently assumed in the MTFP for this investment.

6.6 These investments in Manchester Airport are in addition to the Council's existing shareholding 3.22% shareholding in Manchester Airport Group. This shareholding has been valued at £30.2m as at 31 March 2020. The Council receives dividend income from this investment (£6.4m in 2019/20) which is a key item in the Council's Medium Term Financial Strategy.

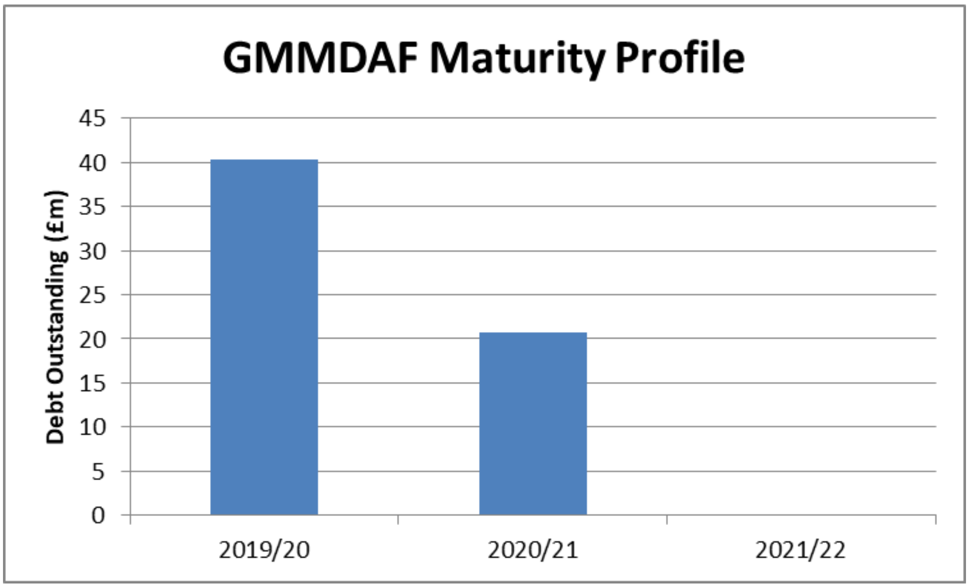
6.7 The COVID-19 pandemic has had a significant impact on the Aviation Industry and in April 2020 Members approved a shareholder loan to Manchester Airport Group in order to provide financial stability and ensure it is best-placed to react and rebuild business operations as Covid-19 restrictions are lifted. This additional loan protects the Council's investment in the Airport, which is an important strategic asset for Greater Manchester and the wider region. Whilst the expectation is that interest on loans and investments will continue to be accrued, the annual dividend is not expected to be payable for a number of years, placing a £6.4m pressure on the revenue budget.

7. GREATER MANCHETSER METROPOLITAN DEBT ADMINISTRATION FUND (GMMDAF) ACTIVITIES

7.1 Tameside 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.

7.2 The GMMDAF incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. In addition, short term loans and investments are occasionally required to optimise the cashflow position, due to the difference in timing between receiving payments from the ten district councils and making loan and interest payments to the PWLB etc. Like the Council, rescheduling opportunities are taken if the right conditions exist.

7.3 During 2019/20 the debt outstanding reduced by £18.547m. The debt will be fully repaid by 31 March 2022 on the following maturity profile:



7.4 The following table sets out the position at 1 April 2019, the net repayments and the final position at 31 March 2020.

Principal Amounts	Debt O/S 01/04/19	Movement in year	Debt O/S 31/03/20
	£000	**£000**	**£000**
PWLB	48,963	(10,000)	38,963
Pre 1974 Transferred Debt	129	(33)	96
Temp Loans / (Investments)	2,488	(2,422)	66
Other Balances	7,264	(6,091)	1,173
	58,844	**(18,547)**	**40,297**

7.5 No long term borrowing was required for 2019/20. The timing of any future borrowing will be carried out in consultation with our treasury management advisors, when interest rates are deemed favourable. However, it is unlikely that any long term borrowing will be taken up due to the limited remaining duration of the fund.

7.6 Although the portfolio of loans held by the Fund is reviewed on a regular basis by both Treasury Management officers and by the Council's treasury management advisors, Link Asset Services, no rescheduling opportunities were identified in 2019/20. Rescheduling will continue to be used when suitable opportunities arise, however long term borrowing is restricted by the end date of the Fund (2022), which has meant that it is difficult to reschedule debt in the present interest rate yield curve.

7.7 During the year, the fund made overall interest payments of £3.325m. This equated to an average "pool rate" of 5.65%, against the original estimate of 5.60%, and compares with 5.23% in 2018/19. The interest rate has increased overall as cheaper debt matured, thus increasing the average rate, albeit on a lower quantum of debt.

7.8 Manchester Airport re-negotiated the terms of its loan arrangement with the 10 Greater Manchester Councils in 2009/10. As a result of this arrangement the 10 Councils took responsibility to service the former Manchester Airport share of the GMMDAF. Previously the debt was serviced by the airport itself.

8. PRUDENTIAL LIMITS

8.1 At the start of the financial year the Council sets Prudential Indicators and limits in respect of Capital expenditure and borrowing. The outturn position for the Prudential Indicators are shown at **Appendix A**. Prudential indicators do not provide an effective comparative tool between Local Authorities, and therefore should not be used for this purpose.

9. RECOMMENDATIONS

9.1 As set out on the front of the report.

APPENDIX A

Prudential Indicators – Actual outturn 2019/20

1. Ratio of Financing Costs to Net Revenue Stream

Limit/Indicator	Limit	Actual
	%	%
Ratio of financing costs to net revenue stream	5.1	4.9

- This ratio represents the total of all financing costs e.g. interest payable and minimum revenue provision (MRP) that are charged to the revenue budget as a percentage of the amount to be met from Government grants and taxpayers (net revenue stream).

2. Capital Financing Requirement (CFR)

Limit/Indicator	Limit	Actual
	£000	£000
Capital Financing Requirement	182,611	182,611

- The Capital Financing Requirement is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet.
- The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

3. Capital Expenditure

Limit/Indicator	Limit	Actual
	£000	£000
Capital expenditure	93,255	37,431

- This is the total capital expenditure incurred (from all funding sources).

4. Incremental Impact of Capital Investment Decisions

Limit/Indicator	Limit	Actual
	£	£
For the Band D Council Tax	16.19	9.54

- This is the estimate of the net incremental impact of the capital investment decisions, based on the level of borrowing set out in the report and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision), as a cost on Council Tax.
- The actual cost will depend on final funding. For every £1 increase on Band D properties, approximately £0.063m would be raised.

5. Operational Boundary and Authorised Limit on External Debt and Other Long Term Liabilities

Limit/Indicator	Limit	Actual
	£000	£000
Operational Boundary for external debt	220,356	141,679
Authorised Limit for external debt	200,356	141,679

- The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.

- The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.
- These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

6. Upper and lower limits on Interest Rate Exposures

Limit/Indicator	Limit	Actual
	£000	£000
Upper limit for fixed interest rate exposure	182,611	35,022
Upper limit for variable interest rate exposure	60,864	(88,605)

- These limits are in respect of our exposure to the effects of changes in interest rates.
- The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments).

7. Upper Limit for Total Principal Sums Invested for Over 364 Days

Limit/Indicator	Limit	Actual
	£000	£000
Upper limit for sums invested over 364 days	30,000	28,000

- This limit is in respect of treasury investments made for a duration longer than one year.

8. Maturity structure for fixed rate borrowing

Indicator	Limit	Outturn
Under 12 months	0% to 15%	0.24%
12 months and within 24 months	0% to 15%	0.25%
24 months and within 5 years	0% to 30%	3.39%
5 years and within 10 years	0% to 40%	2.51%
10 years and above	50% to 100%	93.60%

- This indicator is in respect of all of the Council's fixed rate borrowing with PWLB or other market lenders.

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