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Tameside
Metropolitan Borough

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AUDIT PANEL

Day:	**Tuesday**
Date:	**24 November 2020**
Time:	**2.00 pm**
Place:	**Zoom Meeting**

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 28 July 2020 to be signed by the Chair as a correct record.	1 - 6
4.	**EXTERNAL AUDIT COMPLETION REPORT** To consider a report of the Executive Member for Finance and Economic Growth / Director of Finance.	7 - 62
5.	**STATEMENT OF ACCOUNTS 2019/20** To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	63 - 278
6.	**ANNUAL GOVERNANCE STATEMENT 2019/20** To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	279 - 302
7.	**RISK MANAGEMENT AND AUDIT SERVICES PROGRESS REPORT TO 2 OCTOBER 2020** To consider a report of the Head of Risk Management and Audit Services.	303 - 340
8.	**NFI SUMMARY REPORT** To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	341 - 384
9.	**CORPORATE RISK REGISTER OCTOBER 2020 UPDATE** To consider a report of the Director of Finance / Risk Insurance and Information Governance Manager.	385 - 390

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.

Item No.	AGENDA	Page No
10.	**AUDIT PANEL FORWARD PLAN AND TRAINING** To consider a report of the Director of Finance / Assistant Director of Finance.	391 - 396
11.	**PROCUREMENT UPDATE** To consider a report of the Executive Member of Finance and Economic Growth / Assistant Director of Finance / Assistant Director of STAR Procurement.	397 - 408
12.	**TREASURY MANAGEMENT MID YEAR REVIEW** To consider a report of the Assistant Director of Finance.	409 - 424
13.	**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

28 July 2020

Commenced: 2.00 pm **Terminated:** 3.28 pm

Present:	Councillors Ricci (Chair), Cartey (Deputy Chair), Fairfoull, J Fitzpatrick, J Homer, Kitchen and Dickinson	
	Observers - Councillors Warrington & Ryan	
In Attendance:	Sandra Stewart	Director of Governance and Pensions
	Kathy Roe	Director of Finance
	Tom Wilkinson	Assistant Director of Finance
	Heather Green	Finance Business Partner
	Wendy Poole	Head of Risk Management and Audit Services

10. DECLARATIONS OF INTEREST

There were no declarations of interest.

11. MINUTES

The minutes of the meeting of the Audit Panel on the 9 June 2020 were approved as a correct record with the title of item 7 to read Review of the Effectiveness of Internal Audit 2019/20.

12. ANNUAL GOVERNANCE REPORT 2019/20

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services, which presented the Annual Governance Report comprised of the Draft Annual Review against the Code of Corporate Governance for 2019/20 and the Draft Annual Governance Statement for 2019/20.

The Head of Risk Management reported that a review had 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 was required, by the Accounts and Audit Regulations 2015.

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.**

It was stated that the Draft Annual Governance Statement for 2019/20 which had been drawn up using the guidance contained within Delivering Good Governance in Local Government – Framework issued in 2016 was attached at **Appendix 2** for comment and challenge.

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

As the Coronavirus Pandemic hit during March 2020 a separate section had 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.

It was stated that the Draft Annual Governance Statement would be presented to the External Auditors Mazars as part of their audit of the Statement of Accounts.

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

RESOLVED
That Members of the Audit Panel approve: -
(i) The Draft Annual Review against the Code of Corporate Governance for 2019/20 at Appendix 1; and
(ii) The Draft Annual Governance Statement for 2019/20 at Appendix 2.

13. EXTERNAL AUDITORS ASSURANCE REPORT 2019/2020

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services. The report presented the response to the letters and questionnaires received from Mazars for consideration by the Panel ahead of the documents being signed by the Chair of the Panel and the Director of Finance.

The Head of Risk Management and Audit Services stated that letters were sent to the Chair of the Audit Panel and another to the Director of Finance. In addition to the questions which covered the Council's processes and controls, the letters included further questions in an appendix to ascertain the Panels views on fraud.

RESOLVED
That Members agree that the Chair of the Audit Panel and the Director of Finance sign the schedules in Appendix 1 and Appendix 2.

14. PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL TO JUNE 2020

Consideration was given to a report of the Head of Risk Management and Audit Services, which advised Members of the work undertaken by the Risk Management and Audit Service between April and June 2020 and to comment on the results.

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

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

Members were reminded that the Audit Plan approved on 10 March 2020 by the Audit Panel 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 10 days reactive fraud work. Members received a summary of the days planned for Quarter 1 and the actual days delivered. In Quarter 1 the profiled planned days was 339 the actual days to June 2020 were 352.

During the first quarter of the year, three final reports were issued in relation to systems and risk based audits, seven Draft Reports had been issued for management review and responses and these would be reported to the Panel in due course.

With regards to irregularities and counter fraud work, Members were advised that at the time of writing the report there were 19 referrals relating to Grants to Businesses, this was now in excess of 30.

The Head of Risk Management and Audit Services advised Members that the National Anti Fraud Network and Data and Intelligence Services team had been involved in work nationally looking at grants paid to businesses. It was reported there had been large opportunity's to commit fraud and there were flaws being investigated nationally by the Anti Fraud Network in collaboration with the National Investigation Service.

RESOLVED
That members note the report and the performance of the Service Unit for the period April to June 2020.

15. 2019/20 REVENUE AND CAPITAL OUTTURN REPORT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Lead Clinical GP / Director of Finance. This report aimed to provide an overview on the financial position of the Tameside and Glossop economy in 2019/20 at the 31 March 2020 and included the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group.

Members were advised that 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 would be met from general reserves.

The approved Capital Programme budget for 2019/20 is £42.013m. Service areas had spent £37.341m on capital investment in 2019/20, which was £4.672m less than the capital budget for the year. This variation was spread across a number of areas, and was made up of a number of over/underspends on a number of specific schemes (£0.673m) less the rephrasing of expenditure in some other areas (£5.344m).

The Director of Finance explained that the COVID-19 pandemic was unprecedented and whilst its impact on local public service delivery was clearly significant, the full scale and extent of the health, socio-economic and financial impact was not yet fully understood. **Appendix 3** sets out details on the forecast financial impact and financial issues facing the Strategic Commission as a result of COVID-19. There were significant risks facing the CCG as NHS England & Improvement endeavoured to manage the impact of COVID-19 on the NHS in a 'command and control' style of leadership.

There was 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 were being incurred as the Council responds to the pandemic, and there would be a significant reduction in income levels to the Council in 2020/21 and potentially into future years.

A detailed discussion ensued between Members on overspend of directorates budgets in particular Children's Services.

RESOLVED
That Members of the Audit Panel Note:
(i) the overall outturn position for 2019/20 as set out in Appendix 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.

(ii) the Capital outturn position and financing for 2019/20, and the capital financing risks for 20/21 and beyond as set out in Appendix 2.

(iii) the potential financial scenarios and risks for 2020/21 and beyond as set out in part 3 and Appendix 3 to this report.

16. DRAFT 2019/20 STATEMENT OF ACCOUNTS

Consideration was given to a report of the Director of Finance / Assistant Director of Finance, which presented the draft Statement of Accounts for 2019/20.

The Finance Business Partner delivered a presentation on the 2019/20 Financial Statements Overview. Members were presented with the Headlines of the 2019/20 Financial Statements.

- Overall net assets of the Council had 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 included significant sums of capital and COVID grant funding that had already been spent in 2020/21.
- Collection Fund Reserves had increased by £10.6m but this was already committed to fund business rates deficits and the revenue budget in future years.

The Finance Business Partner explained that with income and expenditure in accordance with proper accounting practice, there was a deficit on the provision of services of £60.010m and an overall surplus on the Comprehensive Income and Expenditure Statement (CIES) of £50.349m.

The Expenditure and Funding Analysis reconciled the difference between what was reported to management and members during the year and the deficit on the provision of services in the CIES

It was stated that usable reserves had increased by £4.3m overall but this included a number significant of movements in and out of reserves. In addition, Members received a summary of the Council's Current and Non-current Assets and Liabilities.

RESOLVED
That the Audit Panel note the draft Statement of Accounts and the timescales for completion of the audit.

17. TREASURY OUTTURN REPORT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Assistant Director of Finance, which set out the Treasury Management activities for the financial year 2019/20.

The report summarised the long term debt of the Council which reflected the capital expenditure financed by loans. 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 was market loans at an average interest rate of 4.27% and the remainder was from the PWLB at an average interest rate of 4.02%.

It was reported that 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, could only be made by strategic investment, where interest rates did not follow the general "market" expectations.

With regards to the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), outstanding debt was £40.297m. During 2019/20 the debt outstanding reduced by £18.547m. The debt would be fully repaid by 31 March 2022.

RESOLVED
Members of the Audit Panel noted:
(i) the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF).
(ii) the outturn position for the prudential indicators in Appendix A.

18. URGENT ITEMS

There were no urgent items.

CHAIR

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Report to:	**AUDIT PANEL**
Date:	24 November 2020
Executive Member / Reporting Officer:	Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance
Subject:	**EXTERNAL AUDIT COMPLETION REPORT**
Report Summary:	This report highlights the key matters arising from Mazars' external audit of the 2019/20 financial statements for both Tameside MBC (TMBC) and the Greater Manchester Pension Fund (GMPF). This report also incorporates the annual Value for Money conclusion.
Recommendations:	It is recommended that Panel: 1. Considers the matters raised in the reports; 2. Notes that there are no accounting adjustments that have an impact on the Council's General Fund or Usable reserves; 3. *Agrees to the adjustments and presentational changes to the accounts, as detailed in in the Audit Completion Reports (**Appendix 1** – TMBC, **Appendix 2** – GMPF attached);* 4. Notes the Value for Money Conclusion included in the Tameside MBC Audit Completion report (**Appendix 1**); and 5. Confirm that the Council has complied with all matters set out in the Letters of Representation (**Appendix A** to the Audit Completion reports) which will be signed by the Director of Finance and Chair of Audit Panel.
Corporate Plan:	The Corporate Plan determines priorities for spending which is summarised in the 2019/20 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
Financial Implications: **(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**	The Statement of Accounts 2019/20 provides full details of the Council's financial position at 31 March 2020 and its income and expenditure for the year ended 31 March 2020. 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 was required to prepare draft financial statements by 31 August 2020. These draft financial statements have been subject to external audit and must be approved by the Audit Panel by 30 November 2020.
Legal Implications: **(Authorised by the Borough Solicitor)**	Members need to satisfy themselves that the Council has complied with all matters set out in the letters of representation.
Risk Management:	The external audit provides 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.
Access to Information:	The report is to be considered in public.
Background Information:	APPENDICES *1) Tameside Council Audit Completion Report* 2) Greater Manchester Pension Fund Audit Completion Report The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner ☎ Telephone: 0161 342 2929 e-mail: heather.green@tameside.gov.uk

1. BACKGROUND

1.1 The Audit Completion Reports (ISA260) for Tameside MBC and the Greater Manchester Pension Fund, as attached at **Appendices 1 and 2**, present the findings and observations arising from the external audit of the Council and Pension Fund financial statements, and the Value for Money conclusion. The Audit Completion Reports are prepared by the external auditors, Mazars.

1.2 External audit are required to report on:

- whether the Council's financial statements give a true and fair view of the Council's financial position and the expenditure and income for the year;
- whether the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year;
- whether the financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting, and the Local Audit and Accountability Act 2014; and
- to provide a conclusion in respect of the Council's arrangements for taking properly informed decisions, and to deploy resources to achieve planned and sustainable outcomes for tax payers and local people (the 'Value for Money' conclusion).

1.3 External audit also report on whether other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or knowledge obtained in the audit or otherwise appears to be materially misstated.

1.4 Many of the terms used in the Audit Findings Report are defined and have precise meanings. External audit apply the concept of materiality to determine the significance of any errors or amendments to the draft financial statements. Items are considered to be material if they could affect how a reader of the accounts might interpret or use the information presented in the accounts.

1.5 Materiality is specific to each Council, but any recommended changes must be considered for their individual and overall impact on the accuracy of the accounts as well as for the specific value of the change. The levels applied for assessing the materiality and potential impact of changes are set out in the Audit Completion reports.

2. AUDIT FINDINGS

2.1 The audit of the Council's accounts is substantially complete and an update will be provided to the Audit Panel at the meeting on 24 November 2020. Mazars anticipate issuing an unqualified audit opinion before the end of November 2020, meeting the statutory deadline for the completion of the audit.

2.2 There are no amendments to the financial statements. A number of minor presentational amendments and disclosure adjustments have been made to improve the overall form and content of the financial statements.

2.3 None of the amendments or unadjusted items have an impact on the Council's General Fund or Usable Reserves.

GMPF

2.4 The audit of the Greater Manchester Pension Fund accounts is substantially complete. Mazars anticipate issuing an unqualified audit opinion before the end of November 2020, meeting the statutory deadline for conclusion of the audit. There are no amendments to the financial statements. A number of other presentational amendments have been agreed, which improve the overall quality and presentation of the financial statements.

2.5 The Fund's independent valuer has highlighted a material valuation uncertainty in respect of the direct property related assets of the Fund as a result of the Covid19 pandemic. This is due to the reduction in the number of transactions in the market and the impact this has on relevant observable data upon which to base a valuation judgement. This issue relates to every local Government Pension Fund that holds property and not just GMPF.

2.6 The Auditor's Report is modified to reflect this material valuation uncertainty in the form of an 'Emphasis of Matter' and the proposed audit report is included at **Appendix B** to the Audit Completion Report.

3. LETTER OF REPRESENTATION

3.1 Included within the Audit Completion reports at Appendix A are the letters of representation required by External Audit. The Panel are asked to confirm that the Council has complied with all matters set out in the Letter of Representation and ensure that a signed version is forwarded to the External Auditor. The Letters are signed by the Chair of Audit Panel and the Director of Finance.

4. VALUE FOR MONEY

4.1 Mazars are also required to provide a value for money conclusion. The draft conclusion set out in the Audit Completion Report (**Appendix 1)** follows a review of the arrangements put in place by the Council. External Audit are required to evaluate whether:

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

4.2 The Audit Completion Report will summarise the work undertaken and the conclusions reached. External Audit expect to issue an *unqualified* Value for Money Conclusion stating that the Council had proper arrangements in place to secure value for money.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

Audit Completion Report

Tameside Metropolitan Borough Council

Year ending 31 March 2020

MAZARS

CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements
5. Value for Money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor's report

Appendix C – Independence

MAZARS

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M2 3DE

Audit Panel
Tameside Metropolitan Borough Council
Tameside One
Market Place
Ashton Under Lyne
0L6 6BH

18 November 2020

Dear Members

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 10 March 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the challenges and restrictions of COVID-19. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

One implication of COVID-19 for the Council/ / Authority was that the deadlines for submission of the draft and audited financial statements were pushed back to 31 August and 30 November respectively. Despite the revised deadlines we acknowledge the difficulties encountered by your team during accounts preparation and audit, and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0161 238 9248.

Yours faithfully

Karen Murray
Partner
Mazars LLP

Mazars LLP – One St. Peter's Square, Manchester, M2 3DE
Tel: 0161 238 9200 – www.mazars.co.uk

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2020, and forms the basis for discussion at the Audit Panel meeting on 24 November 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

Significant Risks

- Management override of control
- Property, plant & equipment (PPE) valuation
- Defined benefit liability valuation

Key areas of management judgement

- Valuation of airport shareholding
- Completeness and accuracy of PPE – Transition to new Fixed Asset Register
- Accounting for schools

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements	Subject to the satisfactory completion of the remaining audit procedures, we anticipate issuing an unqualified opinion on the financial statements, with an 'emphasis of matter' modification to the form of the auditor's report.
Value for Money conclusion	We anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
Whole of Government Accounts (WGA)	We will complete our work on your WGA submission, in line with the group instructions recently issued by the NAO. We anticipate reporting that the WGA submission is consistent with the audited financial statements.
Wider powers	The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Tameside Metropolitan Borough Council and to consider any objection made to the accounts. Further details on the exercise of our wider powers are provided in section 2.

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding (please note that the amber areas are due to these being material areas of the accounts where we are completing our work, but do not indicate significant findings or a lack of relevant detail from officers):

Audit area	Status	Description of outstanding matters
PFI	Amber	We are finalising our update review of the PFI models and entries within the accounts, as well as the entries in the revised fixed asset register.
Operating Leases - Lessor	Amber	We are finalising consideration of the appropriate disclosures required in the operating leases note where the Council is lessor of land at Manchester Airport.
Journals Testing	Amber	We are finalising our work on the journal records of the Council.
Income & Expenditure	Green	We are finalising our work on a small number of income and expenditure transactions, including cut-off.
Financial Instruments	Green	We are finalising our consideration of the analysis and classification of financial instruments.
Post Balance Sheet Events Review	Green	We will update our review of post balance sheet events disclosures up to the date of signing our audit report.
Whole of Government Accounts	Green	Due to the significant delays with the NAO Group Instructions for local authority audits in 2019/20, our work on the Council's WGA consolidation pack remains outstanding. Further details on this matter are provided on page 12.
Signed final statements and signed Management Representation Letter	Green	We will complete our final review of the financial statements to confirm all expected changes have been made, upon receipt of the signed version of the accounts and letter of representation.

Status

- (Red) Likely to result in material adjustment or significant change to disclosures within the financial statements
- (Amber) Potential to result in material adjustment or significant change to disclosures within the financial statements
- (Green) Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Audit Panel with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2020. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £10.967m using a benchmark of 2% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £11.973m, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Audit Panel, at £0.359m based on 3% of overall materiality.

2. EXECUTIVE SUMMARY (CONTINUED)

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Panel in a follow-up letter.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 11 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- modifications required to our audit report

Significant risks and key areas of management judgement
As part of our planning procedures we considered the risks of material misstatement in the Tameside Metropolitan Borough Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

Significant risk

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

We are still finalising our work on the journal records. There are no matters arising from the other areas of our work completed against this risk.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
Valuation of Land & Buildings and Investment Property	The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a four year cycle with all retail properties and a significant proportion of investment properties revalued annually. The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value.

How we addressed this risk

We have:

- Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations;
- Considered whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, and the CIPFA Code of Practice;
- Critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's calculations, using available third party evidence;
- Considering whether the valuation changes in 2019/20 are consistent with evidence of changes in industry published indices of changes in build costs;
- Assessed the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time;
- Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- Critically assessed the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer; and
- Tested a sample of items of capital expenditure in 2019/20 to confirm that the additions are appropriately valued in the financial statements.

Audit conclusion

We have completed our work in this area and there are no matters arising to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
Valuation of Defined Benefit Pension Liability	The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2019/20.

How we addressed this risk

We have:

- Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's actuary, Hymans Robertson;
- Liaised with the auditors of the Greater Manchester Pension Fund and obtained assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuations for the Council and the two subsidiary companies. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and
- Agreed the data in the IAS 19 valuation reports for the Council provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

In addition our work focused on two issues that emerged through 2020. In July 2019, MHCLG consulted on the proposed remedy for the 'McCloud' case, an estimate of which was included in the Council's liability in 2019/20. The proposed remedy indicates that the actuarial estimate of the liability for 2019/20 was likely to be overstating the pension fund liability but not materially. A second emerging issue this year is the 'Goodwin' case which also relates to groups of pension fund members suffering discrimination. Although the impact of 'Goodwin' is still being clarified the Council's actuary have provided details of the impact on the Council's liability. We have reviewed the evidence provided by the pension fund and the Council's actuary in order to conclude on the material accuracy of the liability.

Audit conclusion

We have completed our work programme in respect of this risk. We are satisfied that the entries within your accounts are appropriate with the inclusion of a revised disclosure (to be inserted in Note 44) for the following issue:

The Pension Fund and its auditor have highlighted a "material valuation uncertainty" over the valuation of the Pension Fund's property holding. This is disclosed in the notes to the Council's Accounts and, in line with normal practice, we will include reference to this disclosure as an 'emphasis of matter' in our audit report. The inclusion of an 'emphasis of matter' paragraph is not a modification or qualification of our audit opinion.

2. SIGNIFICANT FINDINGS (CONTINUED)

Management judgement

Valuation of Airport Shareholding

Description of the management judgement

The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited (MAHL) at 31 March 2020. The valuation is determined under IFRS13 applying a consistent methodology to previous and applying key assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.

How our audit addressed this area of management judgement

Our approach to auditing the investment in Manchester Airport Holdings Limited included the involvement of the Mazars in-house valuation team.

The Mazars in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.

We reviewed the calculation of the valuation by the Council's external valuation expert in light of the update financial information available in July 2020 from the published MAHL financial statements for the year to 31 March 2020.

Audit conclusion

We have completed our procedures and there are no matters arising against the valuation of the Council's investment in MAHL.

Other Risk

Completeness and Accuracy of Property, plant and equipment (PPE) – Transition to new Fixed Asset Register

Description of the risk

In the current year a new fixed asset register has been implemented and thereby all data for the entirety of the PPE portfolio has been reviewed by management and transitioned to the new register within the year.

How our audit addressed this area of management judgement

We performed audit procedures to gain assurance over the completeness and accuracy of the transition of data to the new fixed asset register. We have:

- Gained an understanding of the approach and processes being used by management;
- Obtained and reviewed management's reconciliations of data between systems;
- Performed testing to ensure balances in the 2019/20 fixed asset register agree with the reconciliation data provided ; and
- As part of our testing of PPE agreed the underlying data used by the Council's valuation expert.

Audit conclusion

We have completed our procedures and there are no matters arising

2. SIGNIFICANT FINDINGS (CONTINUED)

Management judgement	
Accounting for Schools	**Description of the management judgement** The Council continues to account for schools in its single entity financial statements. In addition the Council discloses that it includes in its financial statements the following categories of schools: Community, Voluntary Aided, Voluntary Controlled and Foundation.
	How our audit addressed this area of management judgement We will consider the continued accounting treatment of the Council's schools and its compliance with the requirements of the CIPFA Code and other sector guidance.
	Audit conclusion We have completed our procedures and there are no matters arising.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Council's accounting practices

We have reviewed Tameside Metropolitan Borough Council's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Tameside Metropolitan Borough Council's circumstances.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting (the Code). We have considered the appropriateness of the use of the going concern assumption and have reviewed the Council's accounting policies and disclosures and concluded they comply with the requirements of the Code, appropriately tailored to the Council's circumstances.

Although we had received some elements of the accounts earlier, full draft accounts were received from the Council on 5th August 2020. The draft accounts were of a good quality. Good supporting working papers have been made available in a timely manner and these have assisted our audit progress. Council finance officers have been very helpful in promptly answering our detailed audit queries.

Significant matters discussed with management

The significant matters we discussed with management through the audit included:

- The impact of COVID-19 on the Council's financial statements, including potential impact on risks of material misstatement. We concluded that there were no additional risks of material misstatement in 2019/20.
- The valuation of the Council's land & buildings and investment property. The outcome of this work is reported earlier in the report.
- The valuation of the Council's investment in Manchester Airport Holdings Limited. The outcome of this work is reported earlier in the report.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

While the impact of the COVID-19 pandemic on the audit should be noted and the difficulties for both ourselves and officers in conducting the audit remotely, we have had the full co-operation of the finance team and Council management through the audit.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2019/20 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have not received any questions or objections during our audit from electors.

2. SIGNIFICANT FINDINGS (CONTINUED)

Modifications required to our audit report

We have identified the following issue(s) which has/have resulted in us proposing to issue a modified audit opinion. Our draft auditor's report, in full, is set out in Appendix B.

Issue	Impact on our audit opinion
Material Valuation Uncertainty – the Council's share of the Pension Fund's Property related investments As part of our work on the Council's net defined benefit pension liability, as referred to on page 8, we have had to consider the implications arising from disclosures made in the Greater Manchester Pension Fund's accounts. The Fund's independent valuer has highlighted a material valuation uncertainty in respect of the direct property related assets of the Fund as a result of the Covid19 pandemic. This is due to the reduction in the number of transactions in the market and the impact this has on relevant observable data upon which to base a valuation judgement. Our work and discussions with the Fund's management also highlighted there to be the corresponding risk in relation to the indirect property assets held by the Fund. Necessary disclosures have been included within the accounts. Having assessed the council's exposure to this issue via the share of property investments assets held, we have concluded that this represents a material valuation uncertainty that the Council should disclose.	We propose issuing an unqualified audit opinion in respect of this matter, however, the Auditor's Report is modified. The modification to our audit report will be in the form of an 'Emphasis of Matter' and our proposed audit report is included at Appendix B.

Possible delay in Audit certificate – Whole of Government Accounts

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts alongside the accounts opinion and value for money conclusion.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts (WGA) consolidation pack.

The NAO's WGA Group Instructions regarding the audit work required and its timetable for audit reporting have been significantly delayed in 2019/20. Group instructions were issued on the 5 November 2020 so the timing of our review of your WGA submission is to be confirmed. We will report the results in our Annual Audit Letter.

As a result, it is likely that we will issue the Auditor's Report without the Audit Certificate. We will issue the Audit Certificate separately as soon as we are able to do so (on completion of our WGA work).

At this stage the draft Auditor's Report at Appendix B assumes that we are unable to issue the Audit Certificate alongside the accounts audit opinion and value for money conclusion.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	**0** (none)
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	**0** (none)
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	**0** (none)

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Significant deficiencies in internal control – Level 1

We have not identified any significant deficiencies in internal control.

Other deficiencies in internal control – Level 2

We have not identified any other Level 2 deficiencies in internal control.

Other recommendations on internal control – Level 3

We have not identified any other Level 2 deficiencies in internal control.

Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency – Level 1

There were weaknesses in the Council's arrangements for reproducing the evidence they provided to the valuer to support land, buildings and investment property valuations, which in turn identified discrepancies in the data held by both parties. This was exacerbated by the loss of key personnel and the collapse of Carillion FM.

Potential effects

If accurate property records are not provided to the external valuation expert this can result in errors in the financial statements.

Recommendation

Maintain an audit trail of information sent to the valuer.

2019/20 update

Through our work on the valuations performed, we are satisfied that there are appropriate arrangements in place to control and provide accurate data to the valuation expert. Significant progress has been made to ensure effective record keeping.

Description of deficiency – Level 2

There were weaknesses in the Council's arrangements for maintaining the fixed asset register and record of the Council's PPE assets as it was being maintained in an annually updated, excel spreadsheet.

Potential effects

Spreadsheet formulae errors could lead to misstatement in the Council's draft accounts.

Recommendation and Response

In response to the recommendation made in 2019/19 the Council has procured and implemented a new fixed asset register (FAR).

2019/20 update

Through our work on the valuations performed, and reconciliations of the data transfer to the new FAR, we are satisfied that an appropriate fixed asset register was in place to produce the 2019/20 accounts.

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £0.359m.

The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

There are no unadjusted misstatements to bring to your attention. However, we do bring your attention to the matters outstanding as indicated on page 4. If following the conclusion of these outstanding audit procedures there are unadjusted misstatements we will include necessary tables in our subsequent letter.

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Adjusted misstatements 2019/20

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Other Grant Income (Note 5)	486			
	Cr: Dedicated Schools Grant (DSG) Income (Note 5)		486		
	The categorisation of grant income in Note 5 has been restated from Other Grant income to DSG. There is no impact on the reported outturn for 2019/20.				

Disclosure amendments

We have identified a small number of disclosure amendments that were necessary in the financial accounts to improve and enhance reporting.

We have requested the Council review and amend some comparator information in the Collection Fund statement as several lines reflect the 2017/18 values rather than 2018/19 figures. These are typographical errors only and do not impact the reported 2018/19 balance carried forward or the primary financial statements. We will confirm necessary amendments as part of our completion of the work outlined on page 4 in respect of a final and amended set of accounts.

We are finalising our review and as outlined on page 8 the Council has proposed and agreed with ourselves enhanced disclosures to be included within Note 44,

As noted on page 4, there are a few areas where we are finalising our work. If there are any significant disclosure amendments following the completion of these audit procedures we will summarise and report back to the Audit Panel in our communication letter.

5. VALUE FOR MONEY CONCLUSION

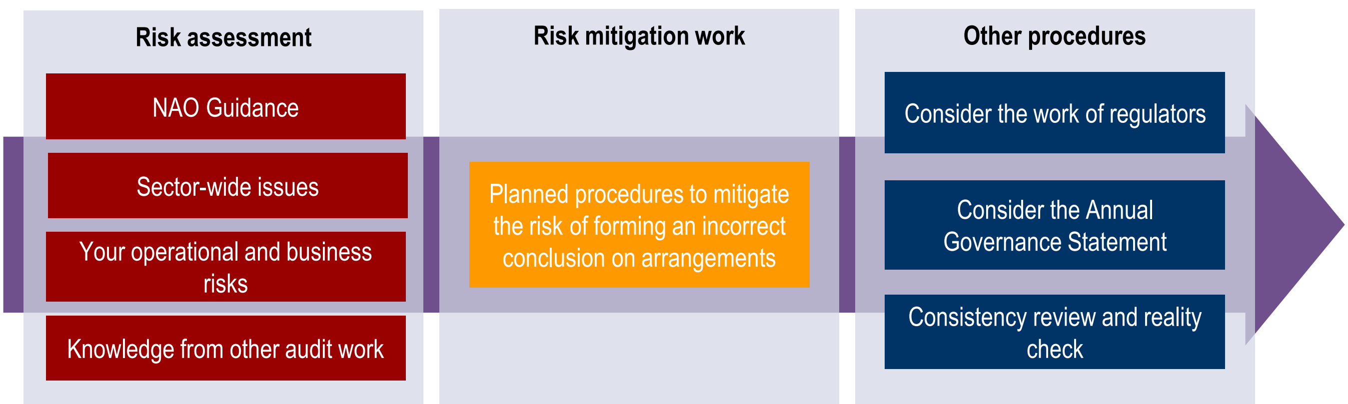
Our approach to Value for Money

We are required to form a conclusion as to whether the Tameside Metropolitan Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Tameside Metropolitan Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided overleaf.



Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified one significant Value for Money risk relating to financial sustainability.

The work we carried out in relation to the significant risk is outlined on page 19.

5. VALUE FOR MONEY CONCLUSION

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	The arrangements in place to manage this risk are appropriate and effective. The Council has arrangements in place to comply with the principles and values of sound governance. The Council is geared towards acting in the public interest, with the decision making process being underpinned by appropriate, timely, and reliable financial information. The Council maintains a sound system of internal control.	Yes
Sustainable resource deployment	The arrangements in place to manage this risk are appropriate and effective. The planned use of the financial resources of the Council support the strategic priorities and maintaining the statutory functions. Assets are managed and utilised in such a way to facilitate meeting these priorities and functions. The workforce is deployed in such as way as to make this possible.	Yes
Working with partners and other third parties	The arrangements in place to manage this risk are appropriate and effective. The Council has put in place management and oversight functions to ensure that the work carried out with third parties helps achieve strategic priorities. This includes the effective commissioning of services where required. The commissioning and procurement functions of the Council support the delivery of strategic priorities.	Yes

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified one significant Value for Money risk. The work we carried out in relation to this significant risk is outlined below.

Risk	Work undertaken	Conclusion
Financial Sustainability The Council has identified and set out the financial challenges it faces over the period 2019/20 to 2023/24. Though not unique to Tameside, they do present a significant audit risk in respect of considering the arrangements that the council has in place to deliver financial sustainability over the medium term.	**Work undertaken** We reviewed the arrangements the Council had in place throughout 2019/20 for ensuring financial resilience. Specifically we reviewed whether the medium term financial plan took into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors. We also reviewed the arrangements in place to monitor progress delivering the budget and related savings plans, and in the context of the emerging impact of the COVID-19 pandemic. **Findings** The net revenue budget requirement for the Council for 2019/20 was set at £196.803m, with gross revenue expenditure being £526.188m. In setting this budget, the Council planned to use £9.3m of reserves to support the provision of services after the delivery of identified savings plans. The Council was able to deliver the programme to a net overspend on revenue of £0.013m, though this was achieved as a result of several significant non recurrent financial interventions, including one-off savings and additional one-off income. However, this did mitigate against the need for any additional use of reserves than was originally planned. The Council faces a significant challenge in ensuring its financial sustainability over the medium term. This challenge, which is exacerbated by the Covid-19 situation, has been developing over several years. In addition, the Council continues to face financial pressures arising from demand in some services, most notably Children's services which saw an £8.4m overspend against budget in 2019/20. In setting the 2020/21 budget, the Council made a number of decisions including the planned the use of a further £12.4m of reserves and use of the dividend income from Manchester Airport to support services in the year. The budget also required the Council to deliver savings in areas (continued overleaf)	We conclude that the Council has proper arrangements to deliver financial sustainability in the medium term, but will have to respond to significant challenges in doing so.

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken	Conclusion
Financial Sustainability See page 19 for full description of risk.	**Findings (continued)** including Children's services, in order to mitigate the growing demand led financial pressures. However, the financial position for 2020/21 became significantly more difficult because of the COVID-19 pandemic. The Council is continuing to refine its assessment of the impact of COVID-19 on 2020/21 and future years. It is apparent that there are also significant additional cost pressures, particularly in delivering Social Care, and significant levels of lost income. The lost income relates to fees and charges, income from the Council's investments including that in the Manchester Airport Group, and an impact on the Collection Fund for both council tax and business rate income. The Council has continued to respond to the government's request for increasingly detailed financial information in monthly returns and is therefore tracking its position closely. The arrangements in place at the Council for budget setting and updating the Medium Term Financial Plan (MTFP), provide a clear financial framework for the Council. However, they are impacted by factors outside of the Council's direct control including the: • delayed comprehensive spending / fair funding review; • impact of business rates reset; and • review of the business rates retention pilot. In identifying these uncertainties, management have made a series of assumptions that can be updated as information becomes available. Officers have prepared and presented to members a financial impact analysis highlighting the likely and significant funding gaps for each year in the period 2020/21 to 2025/26. Since a peak in the levels of reserves in 2016/17, the Council has continued to utilise reserves to support service delivery and as a result, these have been reduced. This has been monitored and managed as the Council has identified the savings and transformation plans to continue to deliver services to residents and service users. Although the Council still has significant levels of earmarked reserves as at 31 March 2020, these will not be sufficient to sustain the Council's financial position over the medium term given the estimated impact of the pandemic. This means the Council needs to ensure that the strategic decisions it has taken about its services it wants to provide are implemented and the savings it has identified as necessary are delivered. (continued overleaf)	

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken	Conclusion
Financial Sustainability See page 19 for full description of risk.	**Findings (continued)** The arrangements in place for monitoring the financial position will allow the Council to identify any emerging additional pressures or slippage in the delivery of these plans. However, it is vital, given the scale of what has to be achieved, that management and Executive Members are held to account for delivery of plans. Without this, there is a risk the Council will not be in a position to take timely remedial action, particularly where the action requires consultation because it impacts workforce or the level and type of services the Council can provide for residents.	

Our overall Value for Money conclusion

Our draft auditor's report included in Appendix B states that we intend to issue an unqualified Value for Money conclusion for the 2019/20 financial year.

APPENDIX A
DRAFT MANAGEMENT REPRESENTATION LETTER

To be provided to us on client headed note paper

Date

Dear Karen

Tameside Metropolitan Borough Council - audit for year ended 31 March 2020
This representation letter is provided in connection with your audit of the financial statements of Tameside Metropolitan Borough Council (‘the Council’) and its Group for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information
I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information
I have provided you with:

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

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records
I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council, Cabinet and committee meetings, have been made available to you.

Accounting policies
I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council ‘s financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value
I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies
There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date. There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations
I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error
I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:
- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions
I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

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

Future commitments
I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events
I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19
We confirm that we have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.

APPENDIX A
DRAFT MANAGEMENT REPRESENTATION LETTER

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date. There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

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I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

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I have disclosed to you:
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I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

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Subsequent events
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DRAFT MANAGEMENT REPRESENTATION LETTER

Going concern
To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements
I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in the Appendix to this letter.

Yours faithfully

Kathy Roe
Director of Finance

Independent auditor's report to the members of Tameside Metropolitan Council

Report on the financial statements

Opinion

We have audited the financial statements of Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2020, which comprise the Council's Comprehensive Income and Expenditure Statements, the Movement in Reserves Statements, the Balance Sheets, the Cash Flow Statement, the Collection Fund, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2020 and of the Council's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of land and buildings

We draw attention to note 44 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Council's share of Greater Manchester Pension Fund's property assets. As disclosed in note 44 of the financial statements, the Council's and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements
As explained more fully in the Statement of Responsibilities for the Statement of Accounts the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required by the Code of Audit Practice to report to you if:
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Tameside Metropolitan Borough Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion
On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Tameside Metropolitan Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion
We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

APPENDIX B
DRAFT AUDITOR'S REPORT

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

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report
This report is made solely to the members of Tameside Metropolitan Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit
We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Karen Murray

For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE
XX November 2020

APPENDIX C
INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

Karen Murray
Partner

Phone: 0161 238 9248
Mobile: 07721 234 043
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Ian Pinches
Manager

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Audit Completion Report

Greater Manchester Pension Fund

Year ending 31 March 2020

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MAZARS

Mazars LLP
One St. Peter's Square
Manchester
M2 3DE

Audit Panel
Greater Manchester Pension Fund
c./o Tameside Metropolitan Borough Council
Tameside One
Market Place
Ashton Under Lyne
0L6 6BH

11 November 2020

Dear Members

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 09 June 2020. Since then, the COVID-19 pandemic has had significant implications for the UK, including the Pension Fund sector. We have updated our planning work to understand the implications of COVID-19 on our audit and concluded that the original audit risks and other areas of management judgement in the Audit Strategy Memorandum remain appropriate:

- Management override of controls;
- Valuation of unquoted investments for which a market price is not readily available.

In response to the COVID-19 pandemic, MHGLC issued a revised reporting timetable for the Pension Fund to prepare its financial statements for inclusion in the Administering Authority Statement of Accounts and for the audit to be completed. We understand the difficult circumstances that the Pension Fund is facing in order to respond to the pandemic and would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07721 234 043.

Yours faithfully

Karen Murray
Mazars LLP

1. EXECUTIVE SUMMARY

Purpose of this report and principle conclusions

The Audit Completion Report sets out the findings from our audit of Greater Manchester Pension Fund ('the Pension Fund') for the year ended 31 March 2020, and forms the basis for discussion at the Audit Panel meeting on 24 November 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Section 2 of this report outlines the detailed findings from our work on the financial statements. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of control; and
- valuation of level 3 unquoted investments for which a market price is not readily available.

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, with an 'emphasis of matter' modification to the form of the auditor's report, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Consistency report

We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Tameside Metropolitan Borough Council. Our draft consistency report is provided in Appendix C.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Pension Fund and to consider any objection made to the accounts. Further details on the exercise of our wider powers are provided in section 2.

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements for the year ended 31 March 2020. At the time of preparing this report there are no significant matters outstanding however, the following administrative and audit matters remain outstanding:

Audit area	Status	Description of outstanding matters
Signed final statements and signed Management Representation Letter	● (green)	We will complete our final review of the financial statements to confirm all expected changes have been made, upon receipt of the signed version of the accounts and letter of representation.
Review of draft Annual Report for consistency	● (green)	We will complete our review of the Annual Report and review of consistency with the final statement of accounts upon receipt.

Status

- ● Likely to result in material adjustment or significant change to disclosures within the financial statements
- ● Potential to result in material adjustment or significant change to disclosures within the financial statements
- ● Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Audit Panel with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in June 2020. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £238.4m using a benchmark of 1% of net assets available to pay benefits. We set a specific materiality for the fund account of £80.4m at the planning stage of the audit using a benchmark of 10% of benefits payable.

Our final assessment of materiality, based on the final financial statements and qualitative factors is £220.3m, and a fund account specific materiality of £86.0m, using the same benchmarks. We set our trivial threshold (the level under which individual errors are not communicated to the Audit Panel, at £6.6m based on 3% of overall materiality.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Panel in a follow-up letter.

2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 7 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- modifications required to our audit report.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Pension Fund's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk	Description of the risk
Management override of controls	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk
	We addressed this risk by performing audit work in the following areas: • accounting estimates impacting on amounts included in the financial statements; • consideration of identified significant transactions outside the normal course of business; and • journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion
	We have completed our planned procedures and there are no matters arising to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
Valuation of unquoted investments for which a market price is not readily available	The fair value of investments which are not quoted on an active market is a significant and material item within the Net Assets Statement, and account for over 20 per cent of net investment assets. The values included in the accounts are based on externally generated professional valuations, Net Asset Values, or capital statements. This results in an increased risk of material misstatement.

How we addressed this risk

We addressed this risk by completing the following additional procedures:

- agreed the valuation to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;
- considered and agreed the assumptions used by independent property valuer were appropriate when determining the values which have subsequently been reflected in the Net Assets Statement;
- assessed the competence and experience of management's experts including the custodian;
- agreed the investment manager valuation to audited accounts or other independent supporting documentation, where available;
- where audited accounts are available, check that they are supported by a clear opinion; and
- where available, review independent control assurance reports to identify any exceptions that could present a risk of material misstatement in the Fund's financial statements.

Audit conclusion

We have completed our procedures in respect of this risk.

Whilst we are satisfied that the valuations included within the accounts are supported by the underlying evidence, we do wish to bring to your attention that the Fund, in Note 2 and the updated Note 2a, have disclosed a material valuation uncertainty in respect of the valuations of the property related investments within the Net Assets Statement.

As a result of the declaration by the World Health Organisation in March 2020 that the outbreak of Covid19 represented a 'global pandemic', and the subsequent UK lockdown that occurred, the valuer has included a caveat in relation to the weight that can be placed on the valuations as at the reporting date.

Following discussion, management have included appropriate additional disclosure within Note 2a (Major areas of estimation uncertainty') in respect of this issue.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the entity's accounting practices

We have reviewed the Pension Fund's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Pension Fund's circumstances.

Draft accounts were received from the Fund on 09 July 2020 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Council finance officers have been very helpful in promptly answering our detailed audit queries.

Significant matters discussed with management

The significant matters we discussed with management through the audit included:

- The impact of COVID-19 on the Fund's financial statements, including potential impact on risks of material misstatement. We concluded that through our review of the valuations provided in respect of the property portfolio (direct) and the investments held indirectly in property related investments, there is a material valuation uncertainty in respect of these assets. The Fund's independent valuer, in line with their industry standards, highlighted that due to the pandemic there was a significant drop in the number of reference market transactions as at 31 March 2020, which although not specific to the Fund's assets, meant that less weight could be attached to the strength of the assumptions underpinning the valuation.
- Increased scrutiny both of your financial reporting, and the work of auditors (in particular by the Financial Reporting Council), required a more significant amount of work in relation to the valuation unquoted elements of the Fund's investment portfolio, which was also undertaken in the context of the emergence of the pandemic during Q1 2020 and the potential valuation impacts at 31 March 2020. This required not only significant additional effort by your own officers and ourselves, but also additional evidence and other information from relevant third parties such as the Fund's custodian and investment managers. In particular, where valuations had previously been based on December 2019 audited valuations, it was necessary to consider whether due consideration had been applied when deriving the March 2020 position.

The above noted material valuation uncertainty relating to the fund's property investment assets has been reflected in enhanced disclosure in the amended accounts presented to panel, and the material valuation uncertainty will be included as an 'emphasis of matter' in our auditor's report. This is outlined more fully on the following page.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management and other officers.

2. SIGNIFICANT FINDINGS (CONTINUED)

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2019/20 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised in relation to the Pension Fund.

Modifications required to our audit report

We have identified the following issue which has resulted in us proposing to issue an unqualified audit opinion, but with a modified auditor's report. Our draft audit report, in full, is set out in Appendix B

Issue	Impact on our audit opinion
Material Valuation Uncertainty (Property related investments) The Fund's independent valuer has highlighted a material valuation uncertainty in respect of the direct property related assets of the Fund as a result of the Covid19 pandemic. This is due to the reduction in the number of transactions in the market and the impact this has on relevant observable data upon which to base a valuation judgement. Our work and discussions with the Fund's management also highlighted there to be the corresponding risk in relation to the indirect property assets held by the Fund. Necessary disclosures have been included within the accounts following discussion with management, and we draw your attention to Notes 2 and 2a .	We propose issuing an unqualified audit opinion in respect of this matter, however, the Auditor's Report is modified. The modification to our audit report will be in the form of an 'Emphasis of Matter' and our proposed audit report is included at Appendix B.

MAZARS

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0 (none)
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0 (none)
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0 (none)

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Follow up of previous internal control points

There are no issues to be followed up.

4. SUMMARY OF MISSTATEMENTS

Misstatements

We use this section to set out the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £6.6m.

There are no misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

There are no misstatements that have been adjusted by management during the course of the audit which were considered to be material or above the trivial threshold. Some very minor adjustments have been made as a result of the audit but they do not reach the trivial threshold and we do not separately report them here.

Disclosure amendments

During our review of the financial statements and annual report we identified a number of presentational and non-material adjustments and amendments which the Fund has made. This includes a trivial value adjustment to the Fund Account to ensure that the reported Assets available at year end reconciles to the Net Assets Statement.

As highlighted earlier in this report, following discussions with management an additional disclosure was included in Note 2a in respect of the material valuation uncertainty relating to the Fund's property investment assets.

APPENDIX A
DRAFT MANAGEMENT REPRESENTATION LETTER

Greater Manchester Pension Fund
by Tameside Metropolitan Borough Council
Dukinfield Town Hall
King Street
Dukinfield
SK16 4LA

[Date]

Dear Karen

Greater Manchester Pension Fund - audit for year ended 31 March 2020
This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Pension Fund, administered by Tameside Metropolitan Borough Council, for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information
I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information
I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund and Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records
I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant Pension Fund and Council Panel meetings and other committee meetings, have been made available to you.

Accounting policies
I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund and Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value
I confirm that any significant assumptions used by the Pension Fund and Council in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund and Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Pension Fund and Council have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund and Council involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund and Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Pension Fund and Council's related parties and all related party relationships and transactions of which I am aware.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

APPENDIX A
DRAFT MANAGEMENT REPRESENTATION LETTER

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Pension Fund and Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Director of Finance

Chair of Audit Panel

APPENDIX B
DRAFT AUDITOR'S REPORT

Independent auditor's report to the members of Tameside Metropolitan Borough Council Report on the financial statements

Opinion on the financial statements of Greater Manchester Pension Fund

We have audited the financial statements of Greater Manchester Pension Fund ('the Pension Fund') for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of Greater Manchester Pension Fund during the year ended 31 March 2020, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of property investment assets

We draw attention to notes 2 and 2a of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Fund's property investment assets. As disclosed in note 2 of the financial statements outlining the major areas of estimation uncertainty, the Pension Fund have disclosed their consideration of the impact of their independent property valuers inclusion of a 'material valuation uncertainty' declaration within their reports. This uncertainty arose as a result of the Covid-19 pandemic creating a shortage of relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

APPENDIX C
DRAFT CONSISTENCY REPORT

Responsibilities of the Director of Finance for the financial statements
As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice
We are required by the Code of Audit Practice to report to you if:
we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report
This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

[*Signature*]

[*Name*]
For and on behalf of Mazars LLP
Address
[Insert date]

APPENDIX D
INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

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Report to:	**AUDIT PANEL**
Date:	24 November 2020
Executive Member/ Reporting Officer:	Cllr Ryan – Finance and Economic Growth Kathy Roe – Director of Finance
Subject:	**STATEMENT OF ACCOUNTS 2019/20**
Report Summary:	This report presents the Statement of Accounts for Tameside MBC and the Greater Manchester Pension Fund for the year ended 31 March 2020.
Recommendations:	Audit Panel are asked to: 1. Note the findings of external audit reported in the previous agenda item 4; 2. Approve the Statement of Accounts for 2019/20, subject to the conclusion of the external audit; and 3. Approve delegated authority to the Director of Finance to agree any further presentational amendments to the financial statements arising from the conclusion of the external audit. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.
Corporate Plan:	The Corporate Plan helps to determine the priorities for spending, which is summarised in the 2019/20 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
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 was required to prepare draft financial statements by 30 August 2020. These draft financial statements have been subject to external audit and must be approved by the Audit Panel by 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.

Risk Management:	The 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.
Access to Information:	The report is to be considered in public.
Background Information:	The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner. Telephone: 0161 342 2929 e-mail: heather.green@tameside.gov.uk

1. BACKGROUND

1.1 It is necessary to consider the Audit Completion report of the Council's external auditor (Mazars) regarding the Statement of Accounts before approving the audited accounts. The Audit Completion report for the Council and the Greater Manchester Pension Fund, which is administered by the Council, have been considered earlier on this agenda (Item 4) and the adjustments highlighted as part of the audit have been included in the report.

2. INTRODUCTION

2.1 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this was completed on 31 July 2020. External Audit commenced their work in July 2020 and expect to issue their opinion to meet the statutory deadline of 30 November 2020. The external audit work is nearing completion.

2.2 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. The full financial statements, including the statements for the Greater Manchester Pension Fund, are included in Appendix 1.

3. MATTERS ARISING FROM THE AUDIT

3.1 A small number of presentational amendments have been made to the Statement of Accounts but no changes have been required that fundamentally alter any assessment of the Council's financial position at 31 March 2020 or its income and expenditure for the year then ended. No issues have been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The presentational adjustments recommended by external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

4. APPROVAL OF THE AUDITED STATEMENTS

4.1 The external audit of the Statement of Accounts is substantially complete but subject to final review and completion procedures by External Audit. The Audit Panel is asked to approve the Statement of Accounts attached at appendix 1, which includes the amendments agreed with external audit.

4.2 The Audit Panel is also asked to approve delegated authority to the Director of Finance to make any further disclosure amendments recommended by External Audit as part of the conclusion of their audit. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

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Tameside MBC

Statement of Accounts

2019/20

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

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

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Narrative Report and Financial Summary

This section identifies and briefly explains each part of the document and includes an overview by the 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.

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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.

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.

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	Year End Position				
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
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	Year End Position				
	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
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

Outturn Position £000's	Year End Position: 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

	Year End Position				
Outturn Position £000's	**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

Outturn Position £000's	Year End Position 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	Expenditure Budget	Income Budget	Net Budget	Net Actual	Net Variance
	Year End Position				
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.

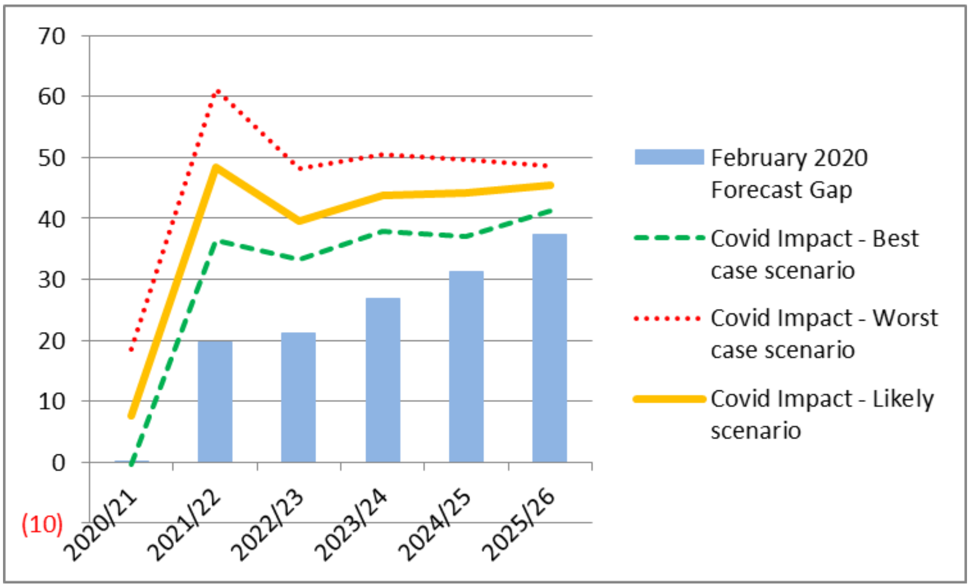
It remains difficult to accurately establish the financial impact of the pandemic at this early stage across the Strategic Commission. The full extent of additional service demands and costs are being captured, but the longer term impacts can only be forecast. Similarly, the longer term impacts on income 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 £223.799m. 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 (£30.8m)
- Alder High School (£2.5m)
- Tameside Wellness Centre (£3.2m)

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). 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 decrease 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, 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 is 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, 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, however returns are expected in future years which will cover the cost of borrowing and generate an income stream for the Council.

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 for 2020/21 and future years.

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.

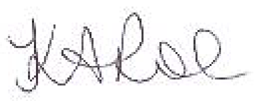
Acknowledgements

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:



31 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: 31 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	52,432	36,476
Short Term Investments	19	65,065	63,321
Inventories	21	1,344	572
Short Term Debtors	22	57,999	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 51 - 149 form part of this account. The financial statements on pages 47-50 were authorised for issue by the Director of Finance (Section 151 Officer) on 31 July 2020.

Kathy Roe
31 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	(103,747)	(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		**(18,076)**	**(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		**(15,956)**	**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	**52,432**	**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.

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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 deficit 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)**	**28,465**	**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	1,375	(2,271)	(897)	1,337	(2,302)	(965)
Commercial Refuse Collection	80	(966)	(886)	414	(874)	(459)
Community Buildings	1,187	(148)	1,039	687	(76)	611
Building Control	136	(99)	37	172	(83)	89
Total	**2,778**	**(3,484)**	**(707)**	**7,706**	**(8,566)**	**(859)**

MOVEMENT IN RESERVES STATEMENT (MiRS) NOTES

8. Adjustments Required to Comply with Proper Accounting Practice

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

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

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

Revenue expenditure funded from Capital under Statute

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

Redemption of Debt (Minimum Revenue Provision)

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

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	Usable Reserves: Capital Receipts Unapplied Account £000	Usable Reserves: Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,388)	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
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
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 (Note 11)	(118,473)	(127,267)
Capital Receipts Unapplied Account (Note 9b)	(3)	(536)
Capital Grants and Other Contributions Unapplied Reserve (Note 9c)	(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	10,060	0
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	0	(3)
Disposal cost allowance	265	18
Balance at 31 March	**(3)**	**(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	The IT Investment reserve has been established to smooth the revenue cost of IT investments which were approved in February 2020 as part of the 2020/21 budget report
Collection Fund Reserve	(10,871)	(10,692)	(21,563)	(3,472)	(7,398)	(10,870)	Additional business rates income from the 100% retention pilot, Council Tax Surplus and contingency for Collection Fund 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 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	5,780	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)
	49,635	**46,287**
Capital Debtors	1,133	713
Payments In Advance	7,199	2,661
Transferred Services	32	32
Total	**57,999**	**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	1,828	10,645
Bank Overdraft	0	0
Total	**52,432**	**36,476**

<u>CURRENT LIABILITIES</u>

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 206-213.

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 and currently have carrying value of nil.

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 2019	19,695	26,820	42,186	88,701
adjustment	804	(1,733)	(1,641)	(2,570)
Revised Opening	**20,499**	**25,087**	**40,543**	**86,129**
Additions	743	73	1,585	2,401
Revaluation losses	(2,300)	2,994	5,133	5,827
At 31 March 2020	**18,942**	**28,154**	**47,261**	**94,357**
Accumulated Depreciation and Impairment				
At 1st April 2019	(387)	(482)	(1,695)	(2,563)
Depreciation charge	(330)	(403)	(637)	(1,370)
Revaluation losses	717	885	2,140	3,742
At 31 March 2020	**0**	**0**	**(192)**	**(191)**
Net Book Value				
At 31 March 2020	18,942	28,155	47,069	**94,166**
Adjusted1 April 2019	20,112	24,606	38,848	**83,566**
At 31 March 2019	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 2018	(12,538)	(34,052)	(58,590)	(105,181)
Payments made During the year	511	908	1,452	2,871
Liability outstanding at 31 March 2019	**(12,027)**	**(33,144)**	**(57,138)**	**(102,310)**
Short term Finance Lease liability (2019-20)	(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	Fair Value	Carrying	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 Liability	Finance	Contingent	Service	Total	Indexation	Contract Expiry
Pyramid Schools (Tameside) Limited							
Payments within 1 year	335	1,253	485	1,632	3,706		
Payments within 2 to 5 years	2,216	4,587	2,411	6,116	15,330	RPI	2033
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							
Payments within 1 year	836	2,918	649	2,467	6,870		
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	RPIX	2036
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		
Payments within 2 to 5 years	7,694	20,503	3,286	13,416	44,900	RPIX	2038
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

Pensions Costs
Employees of the Council are members of three separate pension schemes:

Teachers' Pension Scheme *is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the CIES will include the Council's contributions payable to the scheme.*

NHS Pension Scheme *is a defined benefit scheme administered by EA Finance NHS Pensions. The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the CIES will include the Council's contributions payable to the scheme.*

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

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

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

Service cost comprising:

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

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

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

Re-measurement comprising:

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

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

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

Early Retirement, Discretionary Payments

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

Teachers' Pension Scheme

In 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. 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 £1.433m in 2019/20 (£1.446m in 2018/19) for pension payments relating to added years that it has awarded.

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

Transactions Relating to Post-employment Benefits

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

	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	(52,375)	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	8,754	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)
	(103,747)	**(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)**

OTHER NOTES

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 including teachers on the Council's payroll (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.

<u>Pensions Reserve</u>

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.

******* DRAFT UNAUDITED ******

External Auditor's report on the GMPF Statement of Accounts to be included here

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******* DRAFT UNAUDITED ******

External Auditor's report on the GMPF Statement of Accounts to be included here

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 Statement of Accounts 2019/20.

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 163. 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, due to uncertainty over final settlement and timing of payments, are recognised on a received or paid 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 Contract	Settlement Date	Currency	Currency Bought £000	Currency	Currency Sold £000	Asset £000	Liability £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 Contract	Settlement Date	Currency	Economic Exposure £000	Market Value £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	(23)	(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)	(56)	241
(97)	(26)	167	Admitted bodies *	(92)	(25)	180
(447)	**(146)**	**804**		**(459)**	**(153)**	**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	28,264

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.

Greater Manchester Metropolitan Debt Administration Fund (GMMDAF)

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

**********NOT SUBJECT TO AUDIT ************

The audit opinions on pages 2 - 5 and 159 – 161 do not include the Greater Manchester Metropolitan Debt Administration Fund

Income and Expenditure Account for the year ended 31 March 2020

	2019/20 £000	2018/19 £000
Income		
Interest recharged to responsible authorities	(3,325)	(4,433)
Gains/Losses on repurchase of debt	0	0
Total Income	**(3,325)**	**(4,433)**
Expenditure		
Interest on loans: Public Works Loan Board	3,055	4,222
Interest on loans: Pre 1974 Transferred Debt	7	10
Interest on loans: Temporary Borrowing	147	102
	3,210	4,334
Charge for future Premiums	54	54
Debt management expenses	61	45
Total Expenditure	**3,325**	**4,433**
(Surplus)/Deficit for year	**0**	**0**

The Balance Sheet as at 31 March 2020

	2019/20 £000	2018/19 £000
Debt Outstanding	**40,297**	**76,543**
Long Term Liabilities		
External Loans: Public Works Loan Board	39,029	48,963
External Loans: Pre 1974 Transferred	96	161
	39,124	49,124
Current Liabilities		
Creditors: Temporary Loans	472	26,771
Charge for future premiums	701	647
	1,173	27,418
Current Assets		
Debtors	0	0
	0	0
Net Current Liabilities	1,173	27,418
	40,297	**76,543**

Analysis by Responsible Authority

	2019/20 £000	2018/19 £000
Police and Crime Commissioner of GM	2,804	5,327
GM Fire and Rescue Service	1,373	2,607
GM Integrated Passenger Authority	6,815	12,945
Bolton MBC	2,703	5,134
Bury MBC	1,854	3,522
City of Manchester	5,147	9,777
Oldham MBC	5,448	10,348
Rochdale MBC	2,173	4,127
City of Salford	2,714	5,156
Stockport MBC	2,990	5,680
Tameside MBC	2,269	4,309
Trafford MBC	325	617
Wigan MBC	3,682	6,994
	40,297	**76,543**

Analysis by Type of Loan

	2019/20 £000	Year on Year Change £000	2019/20 £000	Year on Year Change £000
Public Works Loan Board	25,863	(13,100)	48,963	(16,000)
Debt administered by other authorities	96	(33)	161	(30)
Debt falling out in next 12 months	13,573	(2,966)	17,697	14,234
Temporary Loan	65	(2,502)	9,074	(15,283)
Revenue and other balances temporarily used for capital purposes	701	54	647	54
	40,297	**(18,547)**	**76,543**	**(17,025)**

The outstanding debt of £40.297m at 31 March 2020 includes former Manchester Airport debt of £3.523m and former Greater Manchester Probation Service debt of £0341m. Debt for Manchester Airport and Greater Manchester Probation Service is allocated over the 10 Greater Manchester Metropolitan Districts on a population basis.

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

Financial Instrument Balances

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

	31 March 2020		31 March 2019	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	25,959	13,196	49,124	25,074
Adjustment for Amortised Cost	0	473	0	1,705
Financial Liabilities at Amortised Cost	**25,959**	**13,668**	**49,124**	**26,779**
Total Borrowings	**25,959**	**13,668**	**49,124**	**26,779**

1. **Financial Instruments Gains / Losses**

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

	31 March 2020 Financial Liabilities Measured at Amortised Cost £000	31 March 2019 Financial Liabilities Measured at Amortised Cost £000
Interest expense	(3,055)	(4,222)
Losses on derecognition	0	0
Interest payable and similar charges	**(3,055)**	**(4,222)**
Net loss for the year	**(3,055)**	**(4,222)**

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

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

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

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

The fair values are as follows:

	31 March 2020		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	38,963	44,225	64,963	76,778
Total Liabilities	**38,963**	**44,225**	**64,963**	**76,778**

The fair value is greater than the carrying amount because the portfolio of loans relating to the GMMDAF includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Fund will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Fund 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 £38.963m would be valued at £42.7217m. But, if the Fund were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would include the penalty charge of £2.699m, principal of £42.721m and accrued interest of £0.320m, totalling £45.74m.

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

3. Nature and extent of risks arising from Financial Instruments

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

Report To:	**AUDIT PANEL**
Date:	24 November 2020
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**ANNUAL GOVERNANCE STATEMENT 2019/20**
Report Summary:	To present the Annual Governance Statement for 2019/20 to Members for approval, **(Appendix 1)**.
Recommendations:	That Members approve the Annual Governance Statement for 2019/20 ahead of it being signed by the Executive Leader and Chief Executive, **(Appendix 1)**.
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.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by: Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1 INTRODUCTION

1.1 Corporate Governance is the system by which the Council directs and controls its functions and relates to its community. This is the means by which sound and ethical practice can be assured and unacceptable practice identified and eradicated. Historically there has been a general recognition that all local authorities should be seen to meet the highest standards and governance arrangements 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 ANNUAL GOVERNANCE STATEMENT

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

2.2 The Annual Governance Statement is based on: -

- 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/Head of Internal Audit;
- Corporate Plan; and
- Statutory Inspections.

2.3 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.

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

2.5 The Draft Annual Governance Statement 2019/20 was presented to the Single Leadership Team for challenge and comment on 14 July 2020 and then presented to the Audit Panel on 28 July 2020. Consultation with members was conducted via email over the summer.

2.6 The Draft Annual Governance Statement was formally submitted to our External Auditors (Mazars) together with the Draft Statement of Accounts for review on 5 August 2020.

2.7 All comments received to date have been incorporated into the version which is attached at **Appendix 1** for approval ahead of it being signed by the Executive Leader and Chief Executive.

3 RECOMMENDATIONS

3.1 As set out on the front of the report.

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 considered to be part of the Council.

2. The Purpose of the Governance Framework

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

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

The Governance Framework has been in place at the Council for the year 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 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.

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 of around £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.

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.

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 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” and 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 1**, 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	Steven Pleasant MBE
Executive Leader of Tameside MBC	Chief Executive of Tameside MBC
Dated: 24 November 2020	Dated: 24 November 2020

Annual Governance Statement 2019/20 – Improvement Plan

Appendix 1

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2020	Progress Reported As At October 2020	Improvement Owner and Completion Date
1	2019/20 Vision Tameside (Carry Forward)	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.	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 appraisal completed, cost planning underway following completion of which a report with recommendations to be drafted.	Director of Growth March 2021
2	Children's Services (Carry Forward)	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. Leaders, both Officers and Members also retain an improved understanding of how well services are working for children and of their key priorities.	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 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	Since June 2020, positive progress continues to be made in Children's Services, supported by a range of performance data, but a clear focus remains on improvement and there is a focus on some specific areas, most notably permanency, the number of Cared for Children and placement sufficiency. Improvement plans are now in place in all key areas and are tracked through the appropriate oversight panels such as the Corporate Parenting Board. Oversight of performance continues to be provided	Director of Children's Services March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2020	Progress Reported As At October 2020	Improvement Owner and Completion Date
			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.	through regular performance reviews with lead Members, the CEO, Tameside Safeguarding Children's Partnership and the Children's Improvement Board (CIB), with the CIB now receiving regular highlight reports and in September a detailed updating overview report of all improvement activity across Children's Services post the 2019 ILACs inspection. The 7 Cared for Children Sustainability projects were reported through to Board in September 2020 and will be updated on again in December 2020 The post inspection year of DfE oversight and monitoring, focusing on evidencing continued improvement which was due to end in May 2020, was extended following a decision by the Minister not to allow any current level of DfE engagement with LAs to be reduced during COVID-19. This position is due to be reviewed in November 2020. COVID-19 has presented a number of challenges to the service, which have been	

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2020	Progress Reported As At October 2020	Improvement Owner and Completion Date
				proactively managed, but recent weeks have seen a significant upturn in demand across all areas.	
3	Management of CCTV (Carry Forward)	Capital investment to update the CCTV system will be progressed during 2020/21.	The progress of this review in relation to the potential capital investment has been delayed due to COVID-19 related pressures. All other aspects of the plan have been implemented.	Progress of this review has been delayed due to the pressures of COVID-19. However, the review has now been highlighted as part of the Budgeting Process and will be picked up by the Operations and Neighbourhoods Savings Working Group.	Director of Operations and Neighbourhoods March 2021
4	Estates Management (Carry forward)	The ongoing structure changes will be implemented by October 2020. The Strategic Asset Management Plan (SAMP), Disposal Policy, Surplus Property and Freehold Reversions Policy to be considered by Cabinet in July and August 2020. Service and occupational building needs to be reviewed by Oct 2020. Asset Review work to be commissioned Sept 2020.	New Assistant Director commenced in post April 2020. Strategic Property staffing structure (including estates) under review and restructure will be 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	SAMP has been approved. Disposal Policy has been Approved. Commencement of the disposal work has not yet started due to incomplete service restructure and resource pressures. Freeholds Reversion Policy has progressed and a report is to be presented at a November Board. Asset Review Work is subject to approval of the budget by Executive Cabinet - November 2020.	Director of Growth March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2020	Progress Reported As At October 2020	Improvement Owner and Completion Date
			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.		
5	ICT Disaster Recovery and Business Continuity Planning (Carry Forward)	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 disasters as well as Cyber incidents.	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 (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.	The new Data Centre is scheduled to be completed and handed over for commissioning in Dec 2020. IT systems will begin to be moved from their current location in Rochdale Council's Data Centre in February 2021 with the process completed by May 2021. The Disaster Recovery Centre is now complete and testing of the new infrastructure is underway. The facility will be operational by the end of 2020.	Director of Finance March 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2020	Progress Reported As At October 2020	Improvement Owner and Completion Date
6	Information Governance (Carry Forward)	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.	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.	Recruitment to the two vacant posts on the Team was delayed due to COVID-19 and the new starters will not be in post until January 2021. The structure of the team is currently being reviewed to ensure that roles and responsibilities are allocated across all members of the Team. Following that, the Information Governance Plan will be reviewed and developed.	Director of Governance and Pensions Director of Finance March 2021
7	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 regular basis including identifying mitigating actions and report on these through the appropriate governance routes in each statutory organisation.	Work is ongoing to develop a shared risk management approach across both organisation to enable consistent reporting which meets the requirements of the statutory organisations.	The new Risk, Insurance and Information Governance Manager is drafting a proposed shared approach. Risks across both organisations continue to be managed.	Single Leadership Team March 2021
8	Debtors (Carry Forward)	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	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.	COVID-19 has affected the progress in this area and the introduction of the new ways of working. Improvements will be assessed and the work plan re-evaluated.	Director of Governance and Pensions Director of Finance Revised to June 2021

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2020	Progress Reported As At October 2020	Improvement Owner and Completion Date
		working effectively and fit for purpose.		The assessment by Internal Audit will be rescheduled to early 2021/22.	
9	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.		The Risk, Insurance and Information Governance Manager is now in post. The review has commenced, however, capacity issues are currently affecting progress. Unfortunately, recruitment to the two vacant posts on the Team was delayed due to COVID-19 and the new starters will not be in post until January 2021.	Director of Finance Revised to March 2021
10	Budget Monitoring (New)	Following an Internal Audit review, the processes in place are being reviewed and improved to address the concerns raised.		The Post Audit Review (PAR) is ongoing. Improvements are being implemented and assurance will be provided at a future updated once the PAR has been completed.	Director of Finance Revised to December 2020

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Report To:	**AUDIT PANEL**
Date:	10 November 2020
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL TO 2 OCTOBER 2020**
Report Summary:	To advise members of the work undertaken by the Risk Management and Audit Service between April and 2 October 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 2 October 2020.
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 statutory Section 151 Officer & Chief Finance Officer)**	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)**	This report demonstrates compliance with the Accounts and Audit Regulations 2015 whilst also 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 Information:	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 second progress report for the current financial year and covers the period April to 2 October 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 half 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 review the Risk Management System by working 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 the 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 The Risk, Insurance and Information Governance Manager commenced in post from 1 July 2020. The post is shared between Tameside and Rochdale Council on a 60/40 ratio.

2.3 The recruitment of the two additional Risk, Insurance and Information Governance Officers was a priority and interviews were held at the beginning of September. Two appointments have been made, but unfortunately as they are transferring from the private sector their periods of notice are three months and so capacity on the team will not increase until January 2021.

2.4 Work to review the Risk Management System in place was identified as a priority for the new manager and has commenced, resources have concentrated on updating the Corporate Risk Register working with the Single leadership Team for presentation to the Audit Panel at the November meeting. The next steps will include a review of the Risk Management Policy and Strategy, the format of risk registers and the guidance for assessing the likelihood and impact of risks and working with Directorates to refresh Operational Risk Registers.

2.5 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 99%.

2.6 Work is underway to cleanse the Insurance Claims Database in preparation for the annual Actuarial Review and the forthcoming renewal process which will commence in November/December 2020.

2.7 Support and advice has been provided across the Council in the period in relation to COVID-19 to ensure that risk management, insurance and information governance arrangements in place are robust and reflect the changes to service delivery where applicable.

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 2 October 2020. The Table details the Approved Audit Plan, Revised Audit Plan Days, Actual Days delivered to 2 October 2020 and the Days to be delivered in Quarters 3 and 4. The Actual Days for the period delivered are 716 (511 Days on Planned and 205 Days on Counter Fraud/Investigations). **Appendix 1** provides a detailed breakdown of the 2020/21 Audit Plan and shows; the Auditable Area, Approved Audit Plan 2020/21, Revised Audit Plan 2020/21, Actual Days, Variance/Days to be delivered in Quarters 3 and 4, Status and Level of Assurance.

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

Service Area / Directorate	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days To 2 October 2020	Variance/ Days to be Delivered in Q3/4
Children’s	80	69	16	53
Children’s Schools/Learning	181	125	60	65
Adults	82	43	22	21
Population Health	22	3	1	2
Growth	74	147	114	33
Operations and Neighbourhoods	66	40	8	32
Governance	178	228	98	130
Finance and ICT	141	119	36	83
Greater Manchester Pension Fund	320	320	151	169
Crosscutting	56	39	5	34
Counter Fraud Work/Investigations	310	387	205	182
Total Planned Days for 2020/21	**1,510**	**1,520**	**716**	**804**

3.4 The Audit Plan has to be responsive to changing priorities and the Approved Plan of 1,510 days has been revised to reflect the actual work undertaken in Quarters 1 and 2, including estimates for the work to be undertaken in Quarters 3 and 4. The revised Plan as summarised above now totals 1,520, which is only 10 days different, however, some of the changes across Directorates are significant. The changes in Growth and Governance reflect the significant support the Internal Audit Team has provided in relation to the payment of grants relating to COVID-19. The Team have been involved in ensuring that robust application procedures and checking regimes were in place to minimise the potential for fraud and ensure that entitlement to the funding was verified. The Team have also been involved in the actual processing of claims and acting as compliance officers as dual processing was in place and this additional support was provided to supplement the resource available within the service area teams.

3.5 As a result of the grant work, audits not delivered in planned days, loss of a Senior Auditor and additional requests for work that were not in the original Approved Plan a number of audits need to be removed from the 2020/21 Plan and rescheduled into 2021/22. All Directorates were initially affected by COVID-19 and audits were delayed, however, as things have settled and we now learn to live with COVID-19 a reassessment of outstanding audits has taken place. Table 2 below provides the details of the audits affected.

Table 2 – Audits Rescheduled to 2021/22

Directorate	**Audit**	**Days**
Children's	Safeguarding	15
Schools/Learning	8 Primary and Nursery Schools 2 High Schools Placements for Children with Special Education Needs	48 18 15
Adults	Home Care Out of Hours Learning Disabilities Client Accounts	15 15 15
Population Health	Public Health - Contract Monitoring - Sexual Health	15
Growth	Monitoring of the Facilities Management Contract Monitoring Of The Catering Contract	15 15
Operations and Neighbourhoods	Health and Safety Welfare Rights – System Sign Off	15 5
Governance	Clients Financial Affairs – Deputyships/Appointeeships	15
Finance	Information Governance Business Continuity	15 15
Cross Cutting	Audit of Final Accounts	10
	Total Audits Rescheduled	**261**

3.6 The loss of the Senior Auditor has been offset by re-assessing the planning assumptions adopted in February 2020 when the Audit Plan was formulated which has generated more productive days than envisaged and the key areas are listed below:-

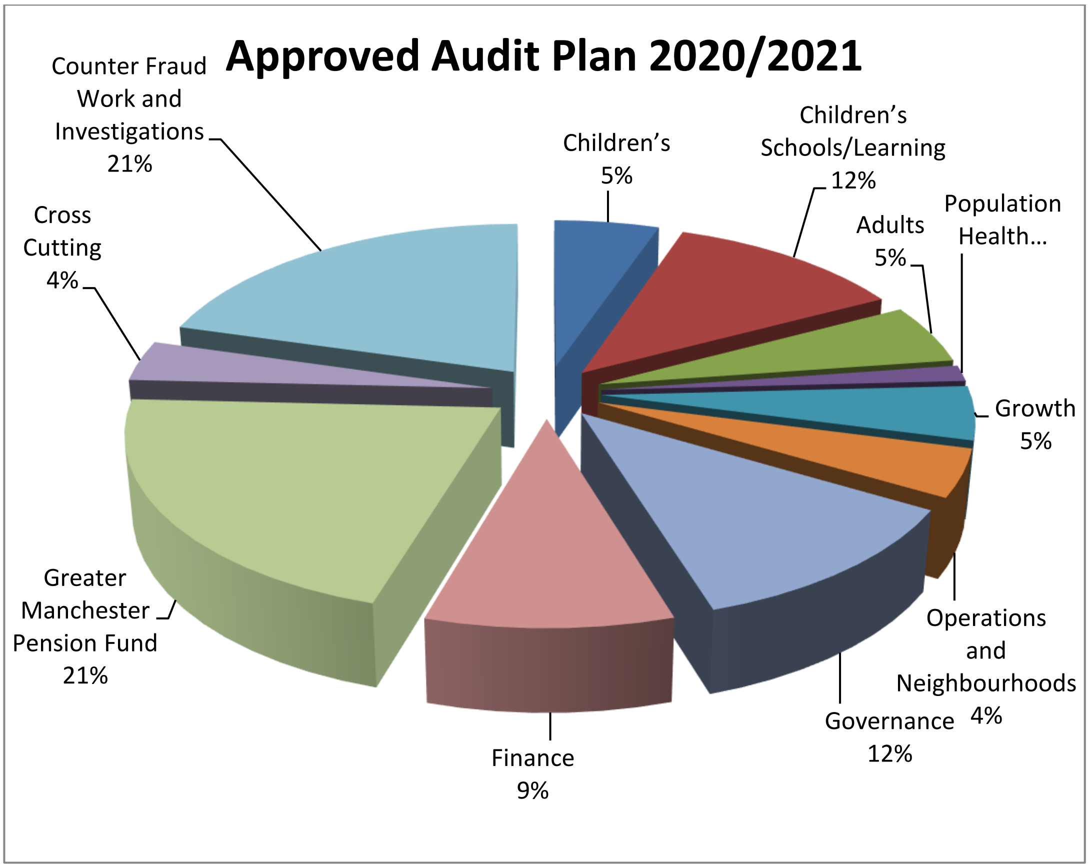
- Deferred and reduced training – 10 Days;
- Reduced meetings across the North West Audit Groups – 5 Days ;
- Annual Leave, as in the current climate shorter breaks are being taken – 40 Days;
- Earlier return from Maternity Leave than assumed – 20 Days; and
- Development days reduced to cover essential audit work – 10 Days.

3.7 Audit work has continued during the period as the team have settled into working at home. Evidence required is now provided electronically and all meetings are being virtually via Skype for Business and MS Teams.

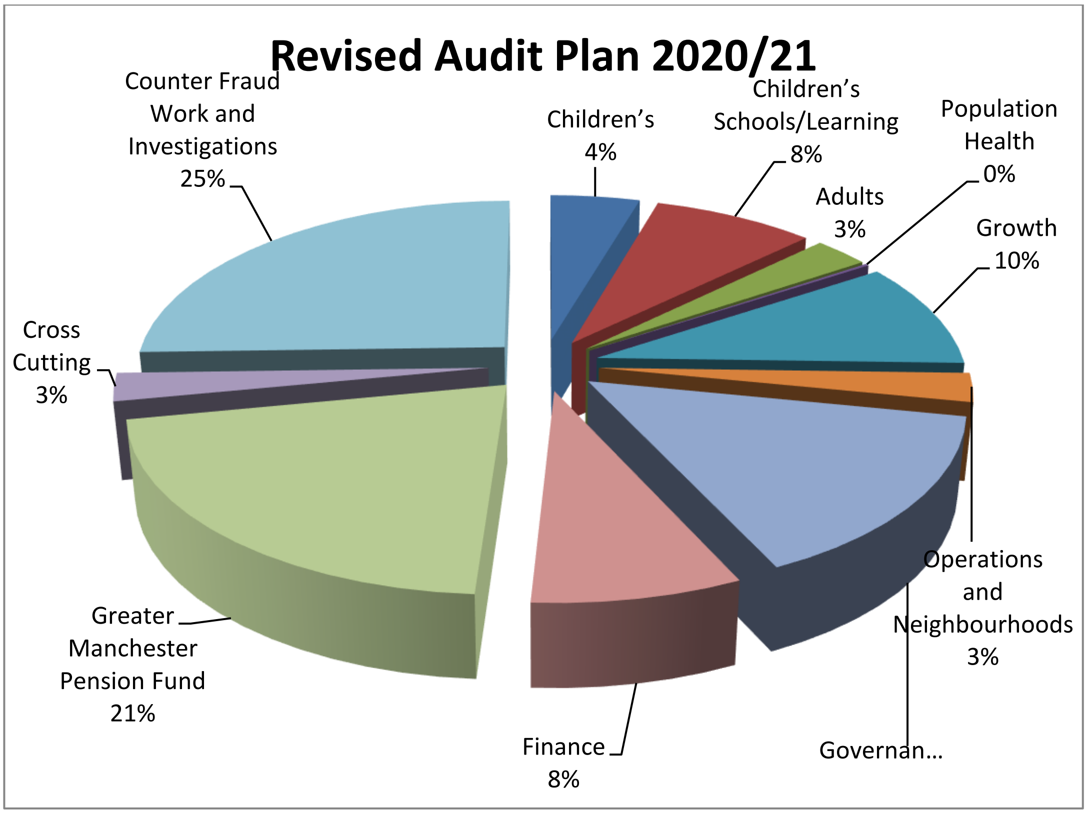
3.8 We have continued to audit a number of schools without being able to undertake a site visit with a slightly revised audit programme, although, the process is taking slightly longer to obtain evidence and resolve queries.

3.9 The Pie Charts below present the Approved Plan 2020/21, the Revised Plan 2020/21 and the Actual Days Delivered to 2 October 2020.

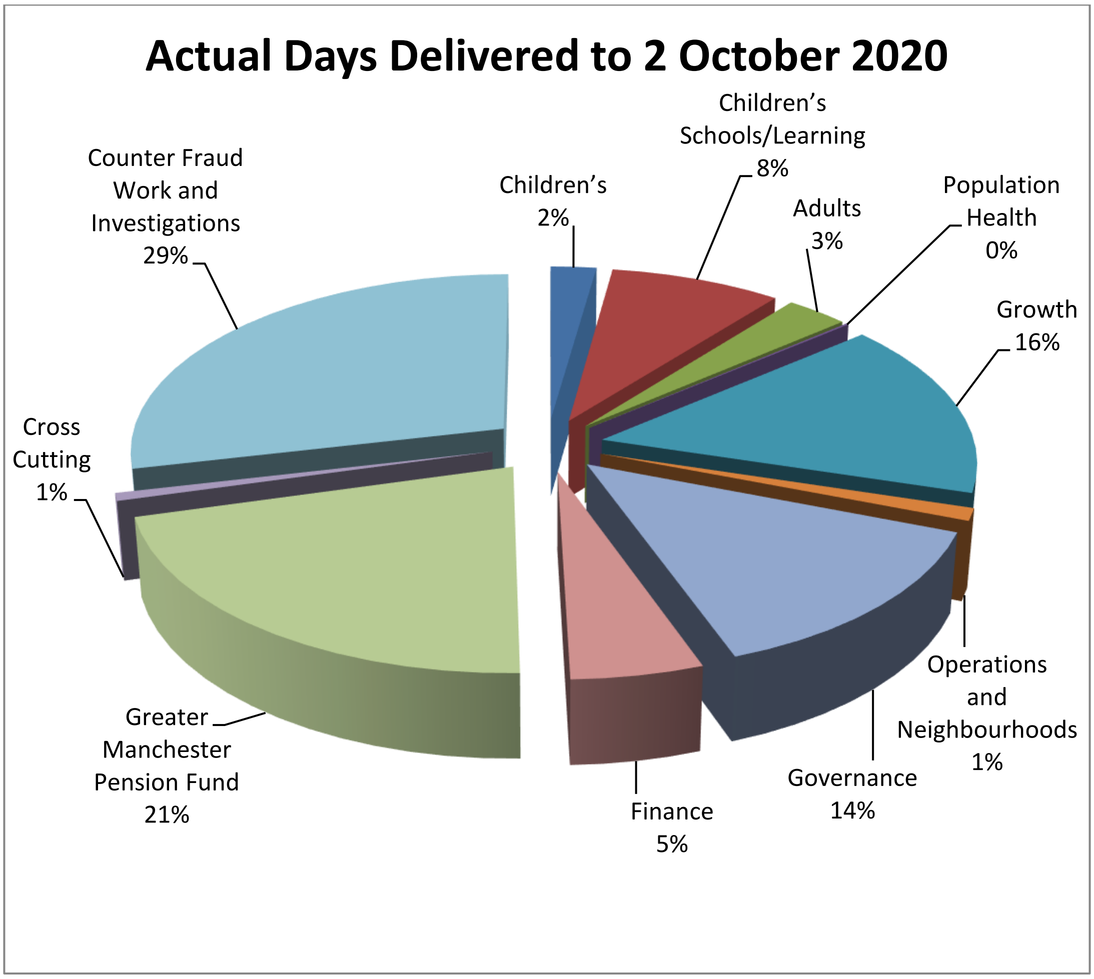
3.10 **Pie Chart 1 – Approved Audit Plan 2020/21**



3.11 **Pie Chart 2 – Revised Audit Plan 2020/21**



3.12 **Pie Chart 3 – Actual Days Delivered to 2 October 2020**



4. AUDIT ACTIVITY TO 2 OCTOBER 2020

4.1 Five Final Reports were issued in Quarter 1 with a further four being issued in Quarter 2, in relation to systems and risk based audits, the results of which are summarised in Table 3 below.

Table 3 – Final Reports System/Risk Based Audits 2020/21

Opinion	Q1	Q2	Q3	Q4	Total To Date	Total for 2019/20
High	2 (2)	0			2 (2)	7 (6)
Medium	1	2 (1)			3 (1)	14 (3)
Low	2	2			4	5 (1)
Totals	**5 (2)**	**4 (1)**			**9 (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, five 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;
- Grant Certification Work; and
- System Sign-Offs.

4.4 One Final Audit Report was issued in Quarter 1 and a further four were issued in Quarter 2 in relation to Schools, the results of which are summarised in Table 4 below.

Table 4 – Final Reports Schools

Opinion	Q1	Q2	Q3	Q4	Total To Date	Total for 2019/20
High	0	2			2	0
Medium	1	1			2	12
Low	0	1			1	1
Totals	**1**	**4**			**5**	**13**

4.5 In addition to the final reports issued above, four 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. Two Post Audit Reviews have been completed during Quarter 2 and a summary of the findings is presented in Table 5 below and details the number of recommendations implemented. The percentage rate of recommendations implemented is currently only 29%. Internal Audit was satisfied with the reasons put forward by management for non-implementation of the recommendations in relation to the Cyber Security/ISO27001 Gap Analysis review, due to COVID-19, however, a second follow up review has been included in the plan as assurance needs to be obtained that the improvements have been delivered. A further twenty eight Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

4.7 **Table 5 – Post Audit Reviews – Recommendations Implemented**

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
GMPF Visit to GMCA	4	4	100	
Cyber Security/ISO27001 Gap Analysis	17	2	12	The recommendation in the report have not yet been implemented due to COVID-19 and the need to support the Council to work at home and in a virtual environment.
	21	**6**	**29**	

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 6 below were included for 2020/21.

Table 6 – Service Developments 2020/21

Developments	**Progress Update July 2020**	**Progress Update October 2020**
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.	The Risk, Insurance and Information Governance Manager commenced in post in July 2020. Appointments have been made to the two remaining vacancies in the structure, although agreed start dates are not until January 2021. The work plan will be assessed in Quarter 3 as roles and responsibilities across the new team are determined.
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.	Training in ongoing.
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.	Training is being recorded.
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.	This project will have to be deferred to 2021/22 due to capacity issues.

Developments	Progress Update July 2020	Progress Update October 2020
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 and officers.	This project is on hold until the Fraud Investigator currently on Maternity Leave returns in September 2020.	Ongoing.
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.	No progress due to the impact of the Coronavirus Pandemic.

6. ANNUAL GOVERNANCE STATEMENT 2019/20

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

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 Investigation resources were reduced during this period from two full time employees to one due to Maternity Leave, and therefore members of the Internal Audit Team have had to step in and assist with irregularity/whistleblowing investigations as the team has seen an unprecedented number of referrals. However, from September resources have increased to 1.67 full time employees as the returning employee has reduced her hours to 24 per week to spend more time with her young family.

7.5 The number of cases investigated during the period April to 2 October 2020 are summarised in Table 7 below.

Table 7 – Investigations Undertaken from April to June 2020

Detail	No. of Cases
Cases B/Forward from 2019/20	8
Current Year Referrals	69
Total	**77**
Cases Closed	28
Cases Still under Investigation	49
Total	**77**
Assistance Cases	**19**

7.6 The above investigations can be categorised by fraud type as shown in the tables below. Table 8 details the cases non-grant related cases investigated and Table 9 concentrates on the Business Support Grants referred to Internal Audit for review and assessment.

7.7 **Table 8 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £	Annual Savings £
Procurement	1	Unknown	Unknown
Theft	1	Unknown	Unknown
Adult Social Care	6	18,921	18,037
Misappropriation of Public Funds	2	44,281	N/A
Blue Badge	2	Unknown	Unknown
Pension	1	5,644	N/A
Total	**13**	**68,846**	**18,037**

7.8 The annual savings relate to reduced or cancelled direct care packages which equate to cashable savings for the Council. The Estimated Value shows the value of the fraud and every effort is made to recover these monies.

7.9 **Table 9 – Investigation by Fraud Type – Grants to Businesses**

Fraud Type	No. of Cases	Estimated Value £	Fraudulent Claims Still under Investigation £	Payments Stopped To Date £
Business Rates	46	490,000	390,000	100,000
Discretionary	18	141,000	15,000	126,000
Total	**64**	**631,000**	**405,000**	**226,000**

7.10 As the table shows above, 64 cases have/are being investigated. Out of the 64 cases;

- 9 cases, to the value of £105,000, have been investigated and no fraud was found and the grant was paid.
- 26 cases, to the value of £226,000, have been investigated and the grant payments were stopped.
- 13 cases, to the value of £125,000, have been investigated and fraud was found. These are cases where the grant had already been paid to the recipient and therefore action is now being taken to reclaim the grant monies.
- 16 cases, to the value of £175,000, are still currently under investigation.

7.11 All the preparation work in relation to the National Fraud Initiative (NFI) 2020 has been completed and all the data sets have been uploaded to the secure NFI Website. The results will be made available for review and investigation in January/February 2021.

7.12 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 10 below: -

Table 10 – NAFN Membership

Member Type	March 2020	June 2020	Sept 2020
Local Authorities	355	353	355
Housing Associations	62	61	62
Other Public Bodies	19	19	21
Totals	**436**	**433**	**438**
Registered Users	13,575	13,711	13,867

8.2 Membership levels have increased for local authorities, housing associations and other public bodies. The appointment of a Membership and Communications Officer last year is proving to be very successful and there are a number of organisations interested in becoming members and undertaking the due diligence needed to join NAFN. Local authority mergers present a risk to membership numbers and a review of the membership fee will be required during 20201/22 to address this threat to financial sustainability.

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 into collaboration agreements with a range of other public bodies. The regulator for this activity is the Investigatory Powers Commissioner's Office and the annual inspection was conducted during the week of 19 to 24 October 2020. Feedback at the conclusion of the inspection was very positive and the formal report will be issued to the Chief Executive in due course.

8.4 The number of requests received during Quarters 1 and 2 of 2020/21 as detailed in Table 11 below has significantly reduced overall by 20% 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 data requests again in response to fraud associated with the Government COVID-19 Business Support Grants.

8.5 **Table 11 – NAFN Requests Received**

Type of Request	2020/21 Apr-Sept	2019/20 Apr-Sept	2019/20 Full Year	% Increase (Decrease)
General Data Protection	11,150	15.190	31,294	(26.6)
Driver and Vehicle Licensing Agency	4,593	7,600	14,044	(39.6)
Investigatory Powers Act	846	742	1,725	14.0
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	4,702	5,838	11,638	(19.5)
Type B (Online)	68,171	82,368	174,474	(17.2)
Grand Total	**89,462**	**111,738**	**233,175**	**(19.9)**

8.6 NAFN has continued to work very closely with Central Government including the Cabinet Office and the Department for Business Energy and Industrial Strategy (BEIS) in response to COVID-19 business support 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 In recognition of this collaborative work NAFN has been shortlisted for Outstanding Prevention Initiative in the Tackling Economic Crime Awards 2020 which will take place in December.

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

8.9 Due to COVID-19 the AGM for 2020 will be delivered virtually followed by a presentation from the Leadership Team on the long term strategy, including an update on service transformation.

8.10 A copy of the Annual Report is attached at **Appendix 2** for information.

8.11 Development work is ongoing within the team to improve communications with both members and perspective members, including reviewing the public website and an updated more modern version was launched week commencing 19 October 2020. Feedback to date is very positive.

9 RECOMMENDATION

9.1 As set out on the front of the report.

INTERNAL AUDIT PLAN 2020/21 - PROGRESS REPORT TO 2 OCTOBER 2020

APPENDIX 1

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
CHILDREN'S						
Safeguarding	15.00	0.00	0.00	0.00	Rescheduled	
Procurement of Placements for Children	20.00	20.00	7.24	12.76	Work in Progress	
Budgetary Control and Financial Management	0.00	0.77	0.77	0.00	Final Report Issued	Low
PAR - Budgetary Control and Financial Management	2.00	5.70	1.67	4.03	Work in Progress	
Troubled Families	15.00	10.00	0.00	10.00	Q3/4	
PAR - Troubled Families	1.50	1.50	1.08	0.42	Work in Progress	
PAR - Control Report Electronic Signatures	1.50	2.80	1.79	1.01	Work in Progress	
Conference and Review Process	15.00	15.00	0.00	15.00	Q3/4	
Early Help Module Sign off	0.00	5.30	0.00	5.30	Q3/4	
Planning and Control	6.00	6.00	3.10	2.90	Ongoing	
Advice and Support	2.00	2.00	0.35	1.65	Ongoing	
Post Audit Reviews	2.00	0.00	0.00	0.00	Allocated When Required	
TOTAL FOR CHILDREN'S	**80.00**	**69.07**	**16.00**	**53.07**		
SCHOOLS/LEARNING						
Greenfield Primary and Nursery	6.00	0.00	0.00	0.00	Rescheduled	
Pinfold Primary and Nursery	6.00	0.00	0.00	0.00	Rescheduled	
Arundale Primary and Nursery	0.00	0.10	0.10	0.00	Final Report Issued	Medium
Arlies Primary and Nursery	6.00	0.00	0.00	0.00	Rescheduled	
Broadbent Fold Primary	6.00	8.60	7.90	0.70	Draft Report Issued	
Audenshaw Primary School	6.00	8.60	7.89	0.71	Draft Report Issued	
Russell Scott Primary	6.00	0.00	0.00	0.00	Rescheduled	
Livingstone Primary	6.00	0.00	0.00	0.00	Rescheduled	
Aldwyn Primary	6.00	0.00	0.00	0.00	Rescheduled	
Greswell Primary and Nursery	0.00	2.82	2.82	0.00	Final Report Issued	Medium
Hurst Knoll C E Primary	6.00	7.00	0.44	6.56	Work in Progress	
St Georges C E Primary - Hyde	0.00	2.74	2.74	0.00	Final Report Issued	Low
St Pauls R C Primary and Nursery Hyde	6.00	7.00	0.00	7.00	Q3/4	
St James R C Primary and Nursery Hattersley Hyde	6.00	7.00	0.00	7.00	Q3/4	
St Marys R C Primary Denton	6.00	0.00	0.00	0.00	Rescheduled	
St Raphael's R C Primary	6.00	0.00	0.00	0.00	Rescheduled	
St Peters RC Primary and Nursery Stalybridge	6.00	7.00	0.00	7.00	Q3/4	
St Stephens C E Primary Audenshaw	2.50	1.67	1.67	0.00	Final Report Issued	High
Canon Burrows C E Primary	0.00	2.55	1.85	0.70	Draft Report Issued	
Lady Of Mount Carmel	2.50	1.98	1.98	0.00	Final Report Issued	High
Mossley Hollins High	0.00	10.00	0.00	10.00	Q3/4	

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
Hyde Community College	10.00	0.00	0.00	0.00	Rescheduled	
Oakdale (2 Sited School)	2.50	4.75	4.04	0.71	Draft Report Issued	
St. Georges C E Primary Mossley	6.00	7.00	0.00	7.00	Q3/4	
Alder Community High School	8.00	0.00	0.00	0.00	Rescheduled	
PAR - Payroll - Schools	1.00	1.65	1.30	0.35	Work in Progress	
PAR - The Heys Primary School	1.50	1.75	1.04	0.71	Work in Progress	
PAR - St Christopher's R C Primary	0.50	0.00	0.00	0.00	Completed	
PAR - St Peters C E Primary	1.00	0.95	0.22	0.73	Work in Progress	
PAR - St Stephens R C Primary Droylsden	1.50	1.80	1.16	0.64	Work in Progress	
PAR - Denton Community College	1.00	1.30	0.56	0.74	Work in Progress	
PAR - Hollingworth Primary and Nursery	1.00	1.30	0.76	0.54	Work in Progress	
PAR - Lyndhurst Primary and Nursery	1.00	1.50	0.30	1.20	Work in Progress	
PAR - Fairfield Road Primary and Nursery	1.00	1.80	1.16	0.64	Work in Progress	
PAR - Pupil Referral Service	0.00	2.00	0.00	2.00	Q3/4	
PAR - Arundale	0.00	1.50	0.00	1.50	Q3/4	
Mossley Hollins High - Grant Assurance Work	2.00	2.58	2.58	0.00	Completed	
Placements for Children with Special Education Needs	15.00	0.00	0.00	0.00	Rescheduled	
Music Service - System Sign off - Speedadmin	0.00	7.73	7.73	0.00	Completed	
Planning and Control	10.00	10.00	7.66	2.34	Ongoing	
Advice and Support	12.00	10.00	4.09	5.91	Ongoing	
Post Audit Reviews	17.00	0.00	0.00	0.00	Allocated	
TOTAL FOR SCHOOLS/LEARNING	**181.00**	**124.67**	**59.99**	**64.68**		
ADULTS						
System Sign Off - Rosta System	0.50	1.50	0.48	1.02	Work in Progress	
Home Care	15.00	0.00	0.00	0.00	Rescheduled	
Contract Monitoring - Care Homes	15.00	15.00	9.92	5.08	Work in Progress	
Out Of Hours	15.00	0.00	0.00	0.00	Rescheduled	
Learning Disabilities Client Accounts	15.00	0.00	0.00	0.00	Rescheduled	
Nursing and Residential Home Contractual Arrangements/Payments	0.00	10.45	6.43	4.02	Work in Progress	
PAR - Locality Teams - Care Management	0.00	0.80	0.10	0.70	Work in Progress	
PAR - Information Incident	0.50	0.56	0.56	0.00	Completed	
PAR - Homemaker Service	1.50	1.95	0.66	1.29	Work in Progress	
PAR - Control Report - Integrated Urgent Care Team	1.50	1.05	0.35	0.70	Work in Progress	
PAR - Investigation Security Incident	0.50	1.60	0.28	1.32	Work in Progress	
Planning and Control	5.00	5.00	1.44	3.56	Ongoing	
Advice and Support	8.00	5.00	1.39	3.61	Ongoing	
Post Audit Reviews	4.50	0.00	0.00	0.00	Allocated	
TOTAL FOR ADULTS	**82.00**	**42.91**	**21.61**	**21.30**		

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
POPULATION HEALTH						
Active Tameside	0.00	0.50	0.22	0.28	Draft Report Issued	
Public Health - Contract Monitoring - Sexual Health	15.00	0.00	0.00	0.00	Rescheduled	
PAR - Health Visiting Service	1.00	0.50	0.14	0.36	Work in Progress	
Planning and Control	3.00	1.50	0.58	0.92	Ongoing	
Advice and Support	1.00	0.50	0.00	0.50	Ongoing	
Post Audit Reviews	2.00	0.00	0.00	0.00	Allocated	
TOTAL FOR POPULATION HEALTH	**22.00**	**3.00**	**0.94**	**2.06**		
GROWTH						
Capital Projects - Education	0.00	4.25	2.45	1.80	Final Report Issued	Low
Capital Projects - Hyde Community College	15.00	19.00	14.88	4.12	Work in Progress	
Control Report - Hyde Community College	0.00	8.00		8.00	Work in Progress	
Building Control	0.00	0.00	0.00	0.00	Cancelled	
Advice - Discretionary Grant Fund	0.00	17.87	17.87	0.00	Completed	
Processing Discretionary Grants	0.00	60.16	60.16	0.00	Completed	
Disabled Facilities Grant	3.00	0.00	0.00	0.00	Cancelled	
Monitoring of the Facilities Management Contract	15.00	0.00	0.00	0.00	Rescheduled	
Monitoring Of The Catering Contract	15.00	0.00	0.00	0.00	Rescheduled	
Hattersley Collaboration Agreement	0.00	6.50	5.29	1.21	Work in Progress	
PAR - Hattersley Collaboration Agreement	1.00	1.01	1.01	0.00	Covered in 2018/19 Audit	
Hattersley Collaboration Agreement	5.00	5.90	0.91	4.99	Work in Progress	
PAR - Hattersley Collaboration Agreement - 18/19	0.00	1.70		1.70	Q3/4	
Planning Process	0.00	0.76	0.76	0.00	Final Report Issued	Medium
Planning - System Sign Off	0.00	8.74	8.74	0.00	Completed	
PAR - S106 Agreements, Developer Levy and Community Infrastructure Levy	2.00	2.00	0.30	1.70	Work in Progress	
PAR - Capital Projects Education	0.00	4.00		4.00	Q3/4	
PAR - Planning Process	0.00	1.50	0.00	1.50	Q3/4	
Planning and Control	5.00	3.00	1.46	1.54	Ongoing	
Advice and Support	6.00	2.71	0.71	2.00	Ongoing	
Post Audit Reviews	7.00	0.00	0.00	0.00	Allocated	
TOTAL FOR GROWTH	**74.00**	**147.10**	**114.54**	**32.56**		
OPERATIONS AND NEIGHBOURHOODS						
PAR - Stores and Stock Control	1.50	2.50	0.68	1.82	Work in Progress	
PAR - Control Report - Waste Services	0.50	1.20	0.49	0.71	Work in Progress	
PAR - Control Report - Tame Street	0.50	0.56	0.56	0.00	Completed	
Tame Street Garage	15.00	15.00	0.00	15.00	Q3/4	
Environmental Services - Sign Off - Accident Reporting System	4.00	0.00	0.00	0.00	Cancelled or Suspended	
PAR - Provision of the Integrated Transport Service	3.50	3.50	0.07	3.43	Work in Progress	

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
Welfare Rights - System Sign Off	5.00	0.00	0.00	0.00	Rescheduled	
Health and Safety	15.00	0.00	0.00	0.00	Rescheduled	
Local Authority Bus Subsidy Grant	2.00	1.55	1.55	0.00	Completed	
Markets - System Sign Off	0.00	6.25	0.77	5.48	Work in Progress	
PAR - Youth Service	0.00	0.63	0.63	0.00	Completed	
PAR - Control Report - Youth Service	0.50	0.56	0.56	0.00	Completed	
Planning and Control	5.00	5.00	1.31	3.69	Ongoing	
Advice and Support	5.00	3.00	1.08	1.92	Ongoing	
Post Audit Reviews	8.50	0.00	0.00	0.00	Allocated	
TOTAL FOR OPERATIONS AND NEIGHBOURHOODS	**66.00**	**39.75**	**7.70**	**32.05**		
GOVERNANCE						
Registrars Financial Audit	4.00	3.30	0.52	2.78	Work in Progress	
Members Allowances - Publication	2.00	2.00	0.00	2.00	Q3/4	
iTRENT Self Service	10.00	8.10	2.59	5.51	Work in Progress	
Procure to Pay System	15.00	17.55	10.54	7.01	Work in Progress	
Payroll System	15.00	15.00	0.73	14.27	Work in Progress	
Agresso Upgrade	0.00	5.50	2.16	3.34	Work in Progress	
Car Allowances Annual Review	2.00	2.00	0.00	2.00	Q3/4	
Review of Bank Holiday Pay	0.00	0.00	0.00	0.00	Final Report Issued	Not Applicable
Control Report - Information Incident	0.00	1.50	0.00	1.50	Q3/4	
Payroll - External Audit Checks	6.00	0.00	0.00	0.00	Cancelled	
Duplicate Payments Reports	0.00	1.00	0.00	1.00	Q3/4	
Water Interface	0.00	0.60	0.00	0.60	Q3/4	
PAR - Liquid Logic	0.00	0.55	0.35	0.20	Work in Progress	
PAR - Softbox	1.50	1.75	0.28	1.47	Work in Progress	
PAR - Apprenticeship Levy	0.00	1.39	1.39	0.00	Completed	
PAR - Bank Holiday Pay	0.00	1.50	0.00	1.50	Q3/4	
Determination and Recovery of Adult Service Care and Support Charges	1.00	0.79	0.79	0.00	Final Report Issued	Low
Clients Financial Affairs - Deputyships and Appointeeships	15.00	0.00	0.00	0.00	Rescheduled	
Direct Payments	15.00	15.00	0.00	15.00	Q3/4	
Advice - Test and Trace Support Payments	0.00	5.20	0.14	5.06	Work in Progress	
Award of Grants to Businesses	0.00	7.20	7.20	0.00	Completed	
Processing Grants to Businesses	0.00	44.79	44.79	0.00	Completed	
Review of Financial Systems - Housing Benefits	4.00	20.20	5.16	15.04	Work in Progress	
PAR - Determination and Recovery of Adult Service Care and Support Charges	3.00	3.00	0.00	3.00	Q3/4	
Deferred Payment Scheme	10.00	10.00	2.48	7.52	Work in Progress	
Capita System Review	10.00	10.70	0.21	10.49	Work in Progress	
PAR - Control Report - NNDR Fraud	0.00	0.30		0.30	Q3/4	
Looked After Children's Health	0.00	3.48	3.48	0.00	Final Report Issued	Low

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
ICS Data Checks	10.00	10.00	0.00	10.00	Q3/4	
PAR - Social Media	0.00	0.70	0.00	0.70	Q3/4	
PAR - Looked After Children's Health	0.00	3.00	0.00	3.00	Q3/4	
Planning and Control	13.00	12.00	4.91	7.09	Ongoing	
Advice and Support	26.00	20.00	10.08	9.92	Ongoing	
Post Audit Reviews	15.50	0.00	0.00	0.00	Allocated	
TOTAL FOR GOVERNANCE	**178.00**	**228.10**	**97.80**	**130.30**		
FINANCE						
Information Governance	15.00	0.00	0.00	0.00	Rescheduled	
Business Continuity	15.00	0.00	0.00	0.00	Rescheduled	
Review of Financial Systems - General Ledger	4.00	20.00	19.59	0.41	Draft Report Issued	
PAR - Bank Reconciliation Procedures	0.00	2.04	2.04	0.00	Completed	
PAR - VAT	0.00	0.00	0.00	0.00	Completed	
PAR - Income Management	0.00	1.50	0.00	1.50	Q3/4	
PAR - Control Report Purchasing Cards/Petty Cash	0.00	1.50	0.00	1.50	Q3/4	
Fixed Asset Register - Sign off	0.00	0.42	0.42	0.00	Completed	
Fixed Asset Valuations	5.00	0.00	0.00	0.00	Cancelled	
External Audit Checks - General Expenditure	1.00	0.76	0.76	0.00	Completed	
External Audit Checks - General Expenditure	10.00	0.00	0.00	0.00	Cancelled	
ICT Business Continuity and Disaster Recovery	19.00	19.00	0.00	19.00	Q3/4	
Network Security	10.00	10.00	0.00	10.00	Q3/4	
Access Control Management	10.00	10.00	0.00	10.00	Q3/4	
Vulnerability Management	10.00	10.00	0.00	10.00	Q3/4	
Cooperative Network Infrastructure (CNI)	10.00	18.95	4.95	14.00	Work in Progress	
PAR - Cyber Security Review/ISO 27001 Gap Analysis	0.00	1.54	1.54	0.00	Completed	
PAR - Cyber Security Review/ISO 27001 Gap Analysis (Further Follow Up)	0.00	1.20	0.00	1.20	Q3/4	
PAR - Third Party Supplier Management	0.00	1.50	0.00	1.50	Q3/4	
Third Party Supplier Management	0.00	0.93	0.93	0.00	Final Report issued	Medium
Planning and Control	10.00	10.00	3.29	6.71	Ongoing	
Advice and Support	10.00	10.00	2.94	7.06	Ongoing	
Post Audit Reviews	12.00	0.00	0.00	0.00	Allocated	
TOTAL FOR FONANCE	**141.00**	**119.34**	**36.46**	**82.88**		
GREATER MANCHESTER PENSION FUND						
Ill Health Insurance Arrangements	10.00	10.00	0.00	10.00	Q3/4	
Pension Benefits Payable	15.00	20.50	19.73	0.77	Draft Report Issued	
Transfers Out	10.00	13.80	13.43	0.37	Work in Progress	
iConnect	15.00	31.00	30.01	0.99	Work in Progress	
Altair - Administration to Payroll Upgrade	10.00	10.00	0.00	10.00	Q3/4	

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
Cyber Security Review	10.00	10.00	0.60	9.40	Work in Progress	
Visits to Contributing Bodies	47.70	12.00	3.38	8.62	Work in Progress	
Visit To Contributing Body - Oldham Metropolitan Borough Council	12.00	12.00	5.57	6.43	Work in Progress	
Visit To Contributing Body - Salford City Council	8.00	8.70	3.68	5.02	Work in Progress	
Visits to Contributing Bodies - Jigsaw Homes	6.00	8.80	3.38	5.42	Work in Progress	
Visit to Contributing Body - University of Bolton	2.00	1.50	0.76	0.74	Draft Report Issued	
Visit to Contributing Body - APS Global	0.90	0.00	0.00	0.00	Final Report Issued	High
Visits to Contributing Bodies - Liverpool Hope University	0.70	0.10	0.10	0.00	Final Report Issued	High
Visits to Contributing Bodies - University of Manchester	0.50	1.35	1.35	0.00	Final Report Issued	Medium
PAR - Visits to Contributing Bodies - Sodexo	1.00	1.57	1.57	0.00	Completed	
PAR - Visits to Contributing Bodies - GMCA	1.00	1.54	1.54	0.00	Completed	
PAR - Visit to Contributing Body - APS Global	1.00	1.15	0.28	0.87	Work in Progress	
PAR - Visit to Contributing Body - Bury College	1.00	1.50	0.87	0.63	Work in Progress	
PAR - Visits to Contributing Bodies - Liverpool Hope University	1.00	1.20	0.84	0.36	Work in Progress	
PAR - University of Manchester	0.00	1.20	0.00	1.20	Q3/4	
Retirement Process	11.00	12.20	11.50	0.70	Draft Report Issued	
Control Report - Pension Overpayment	0.00	0.50	0.28	0.22	Work in Progress	
Information Security Incident Investigation	0.00	0.44	0.44	0.00	Completed	
PAR - Visit To Contributing Body - Oldham Metropolitan Borough Council	2.00	2.00	0.53	1.47	Work in Progress	
My Pension	0.00	6.00	3.63	2.37	Work in Progress	
Microsoft 365	5.00	5.00	3.00	2.00	Work in Progress	
Custodian Arrangements	15.00	15.00	0.00	15.00	Q3/4	
Fund Manager - Stone Harbor	15.00	15.00	0.00	15.00	Q3/4	
Debtors	15.00	15.00	0.14	14.86	Work in Progress	
Information Governance/GDPR	3.00	17.50	16.32	1.18	Work in Progress	
Local Investments	15.00	15.00	0.00	15.00	Q3/4	
Compliance Function	15.00	0.00	0.00	0.00	Days Used for Other Audits	
Advice and Support - Target Address Tracing Project	0.00	1.51	1.51	0.00	Completed	
NFI Data Matching	5.00	2.45	0.42	2.03	Work in Progress	
Transfer of Assets to New Custodian	2.00	2.45	0.42	2.03	Work in Progress	
PAR - Creditors	1.50	2.50	1.26	1.24	Work in Progress	
PAR - GLIL	1.00	1.30	0.69	0.61	Work in Progress	
PAR - Transfer of Assets to First Bus	0.00	0.50	0.00	0.50	Q3/4	
Computer Audit Advice	5.00	3.00	0.98	2.02	Ongoing	
Investigation of Fraud and Irregularities/NFI	0.00	0.50	0.00	0.50	Q3/4	
Control Report - Pension Overpayment	0.00	0.24	0.24	0.00	Covered in Pension Payroll Audit	
Planning and Control	20.00	20.00	10.64	9.36	Ongoing	
Advice and Support	25.00	25.00	11.60	13.40	Ongoing	
Post Audit Reviews	11.70	9.00	0.00	9.00	Allocated	
TOTAL FOR GREATER MANCHESTER PENSION FUND	**320.00**	**320.00**	**150.69**	**169.31**		

Activity Title	Approved Audit Plan 2020/21	Revised Audit Plan 2020/21	Actual Days	Days to Be Delivered Q3/4	Status	Level of Assurance
CROSSCUTTING						
Audit of Final Accounts	10.00	0.00	0.00	0.00	Rescheduled	
Greater Manchester Combined Authority - Assurance/Grant Work	10.00	0.00	0.00	0.00	Cancelled	
UK Mail - Advice and Support	1.00	1.50	0.00	1.50	Q3/4	
Rochdale STAR Audit - New Supplier Set Up	0.00	2.50	1.56	0.94	Work in Progress	
Procurement Work - Star	20.00	20.00	0.00	20.00	Q3/4	
Recruitment and Selection (incl. Interims)	15.00	15.00	3.68	11.32	Work in Progress	
TOTAL FOR CROSSCUTTING	**56.00**	**39.00**	**5.24**	**33.76**		
TOTAL PLANNED DAYS 2020/21	**1,200.00**	**1,132.94**	**510.97**	**621.97**		
COUNTER FRAUD AND INVESTIGATIONS	**310.00**	**387.00**	**204.64**	**182.36**		
TOTAL AUDIT DAYS 2020/21	**1,510.00**	**1,519.94**	**715.61**	**804.33**		

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Annual Report 2020

Published 23 October 2020

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Chair's Report

Wendy Poole
Tameside Metropolitan Borough Council
NAFN Chair 2010-20

Dear Members

I want to thank you for your continued support as we enter our 23rd year of successful service delivery. I would also like to thank members of the Executive Board for their valuable input over the last 12 months during a period of significant change including our response to the COVID-19 national emergency

It is hard to believe that I have chaired the organisation for the past 10 years during which time I have overseen huge changes in the organisation of the Service Team and the range of systems available to support the business needs of NAFN members. When required, I have worked closely with the Executive Board to revise governance arrangements and update the NAFN Constitution to reflect the changing needs of the service and compliance with Government legislation. The need for such changes arises more frequently than you might expect.

Back in 2010 we had two regional teams (Brighton and Tameside). There were no housing association members and no online services available. At that time no one could foresee the proposal to introduce the Single Fraud Investigation Service that required restructuring of the service and the move to a single point of delivery. How things have changed.

Since March 2020, the service has needed to respond to the COVID-19 national emergency. Like most organisations, home-working arrangements were introduced immediately with minimal disruption and these remain in place. During the last six months we have established a close working relationship with the Cabinet Office, Home Office, BEIS and other national organisations collating and sharing data and intelligence provided by members on COVID-19 fraud to protect the public purse. This has enhanced NAFN's visibility and reputation in Government and across the country.

In the last year, local authority membership has fallen slightly as a consequence of the introduction of unitary and combined authorities and this trend is expected to continue as financial pressures on local government remain in place. On the other hand, housing associations and other public authority membership is healthy as new members are attracted to the service in response to concerns and increasing levels of fraud.

For the fourth year running, I am pleased to report that the annual IPCO inspection made no recommendations and the NAFN SPOC service continues to maintain a strong level of compliance in the acquisition of communications data on behalf of local authorities and a number of wider public authorities.

Finally, I was particularly pleased that the NAFN Service was formally recognised in the iNetwork Awards in November 2019. We came first in the category 'Effective Information and Security' for our work with National Hunter on the National Right-to-Buy Anti-Fraud Service. We were also a Finalist in the 'iStandUK Innovation Award' in recognition of our partnership with the LGA introducing the NR3 National Database for Taxi Licensing.

Wendy Poole

Treasurer's Report

Peter Farrow
Sandwell Metropolitan Borough Council and
The City of Wolverhampton Council
NAFN Treasurer 2010-20

NAFN continues to remain mindful of the difficult financial circumstances you face and the need to keep costs down and service delivery up. Our fee model, we believe, helps towards this. Please be assured we remain committed to providing a value for money service to members.

Service Delivery

As you are aware NAFN services are centred in one office based at Tameside Metropolitan Borough Council. The ability to provide services through local government accommodation, professional support services and further improvements in the use of technology enables NAFN to continue to operate in an efficient and effective manner. We also continue to be committed to demonstrating year on year improvement to our services. As in previous years the Executive Board has pushed forward with new services for the benefit of its members and further investment in NAFN continues to be made in order to enhance service delivery.

Annual Accounts

Both the Executive Board and Members are aware that NAFN must be self-financing, largely through subscriptions and wherever possible seeking additional funding through other routes such as government grants. However, we are aware that as cuts continue to be made across Central Government, we may not always be able to attract the level of funding that we have done in the past. Should this come into effect, then we are already looking at options that will be available to us in order to manage such an event. During the year our employee and project costs rose as we successfully recruited into a number of vacant posts, and a range of projects were completed including the Entrust Soft token upgrade, NAS Service, Website development including the DVLA/Public facing website and an online-eLearning CPD platform. However, we were able to offset these costs through the receipt of additional fee and grant income.

The approved reserve is held to mitigate the risks to the Host Authority for delivering the NAFN services and is agreed annually. The level of this reserve continues to be monitored and where appropriate funds are released to keep membership costs low. The use of the working reserve will be key to the next stage of the transformation agenda planned for NAFN.

The financial prospects for the future will no doubt continue to be difficult for the public sector. However, the commitment across the whole of the public sector to fighting fraud, preventing crime and protecting the public purse, as ever, remains high. NAFN will continue to help you meet your commitments. Councils face difficult budget decisions and we will continue to play our part by protecting service delivery and constraining fee increases.

Overview

By successfully maintaining our membership levels, accessing government department and other grants wherever possible, and retaining the ability to use our working reserve as and when required, we continue to be able to improve and widen service delivery and help subsidise membership fees. We remain in a sound position financially as things currently stand but remain mindful that funding is volatile.

Peter Farrow

NAFN – Statement of Accounts 2019-20

Income and Expenditure Account for the year ended 31 March 2020

		2019-20	2018-19
Expenditure			
	Employee Related Costs	503,722	436,587
	Premises Related Costs	13,000	13,275
	Transport Related Costs	12,768	14,255
	Supplies and Services	222,417	221,637
	Project Related Costs	110,952	23,970
	Specialist Services	189,732	174,561
	Total	**1,052,591**	**884,284**
Income			
	Specialist Services – Income	208,982	214,932
	Annual Fees	802,466	540,541
	Home Office and NTSB	215,256	188,445
	Interest	8,915	6,407
	Total	**1,235,619**	**950,325**
Surplus/(Shortfall)		**183,028**	**66,041**

Balance Sheet as at 31 March 2020

Liabilities -	Working Reserve	635,730	452,702
	Approved Reserve	500,000	500,000
	Sundry Creditors	84,684	50,703
		1,220,414	**1,003,405**
Assets -	Sundry Debtors	89,830	83,996
	Bank	1,130,584	919,409
		1,220,414	**1,003,405**

Head of Service

Mark Astley
NAFN Data and Intelligence Services

The world of fraud is constantly changing and fraudsters operate across all public services and organisational boundaries. Fraud investigators need to be as agile and responsive as the fraudsters themselves and this is where the NAFN service can deliver.

The Government's decision to provide business grants in response to the COVID-19 national emergency is a perfect example. Fraudsters moved quickly to secure illegal payments and for most of 2020 we have been working very closely with Central and Local Government to identify and prevent such fraud.

The COVID-19 national emergency has brought additional challenges including the need to adopt home-working whilst sustaining the service. Members will be aware of how disruptive this can be and I needed to work closely with the Leadership Team to ensure that the team were adequately equipped and fully briefed on their roles and responsibilities. The team continues to work successfully and effectively under the new arrangements.

Following the implementation of the Investigatory Powers Act legislation in June 2019 there has been a noticeable increase in communication data requests. This is expected to continue and in response the Service Team has been strengthened with the recruitment and appointment of two additional Intelligence Officers (SPOCs).

Maintaining and improving the service remains a constant challenge. During the past 12 months a range of new services were introduced including online bank account verification for sole traders with TransUnion and Equifax, enhancements to data sharing with National Hunter and the introduction of the Entrust Soft Token replacing the website grid card log-in security. Later this year we will be launching a new public-facing NAFN website.

The Leadership Team has addressed the training needs and the continuing professional development of members. An annual programme of webinar training was developed during 2019 and launched January 2020. An e-learning solution has been specified and procured to support on-line training and this will also be available to members later this year.

Much of my time is spent representing the best interests of members in a series of national working groups that are reviewing legislative change, collaboration and data sharing initiatives, fraud prevention and professional standards for fraud investigators. This provides an opportunity for me to articulate the specific needs of NAFN members ensuring that their views are considered and that future decisions are made in their best interests.

I continue to work closely with members of the NAFN Executive Board to review and develop the overall service strategy and identify business opportunities to improve services for members. Over the last 12 months we have identified and begun to explore a range of options to significantly enhance and transform the service offer. This includes upgrading the current ICT platform, redesigning the web interface, accessing new data and working with existing and new partners to automate the enquiry service enabling a single request to generate a multiple response from a wide range of data sources. Members will be consulted before a preferred business solution is identified.

Mark Astley

Membership and Communications Manager

Lavinia Ferguson
NAFN Data and Intelligence Services

Having joined NAFN just over 12 months ago, my introduction to members took place at the Annual Conference and AGM where I confirmed our commitment to anticipate and respond to the needs of all members. It was my first large scale event for the organisation and it was a pleasure to engage with almost 200 members and the speakers who so generously shared the benefit of their experience and expertise.

In the last 12 months the membership retention rate has been excellent in spite of technical losses due to merged local authorities. These mergers have been more than offset by new wider public authority, housing association and local authority members. Now, with almost 90% local authority membership nationwide, our goal of 100% is within reach and both wider public authorities and housing associations increasingly see the benefit and excellent value for money from our service offer.

Over the last 23 years, NAFN has achieved a great deal through innovation and collaboration; supporting its members to protect the public and save millions in public funds. In 2019 we were recognised for some of these achievements by iNetwork winning an Innovation Award for Effective Information Sharing and Security for the National Right-to-Buy Anti-Fraud Service. We were also a finalist for the ‘iStandUK’ award recognising our work on the National Register of Taxi License Revocations and Refusals. We were honoured and delighted to receive this recognition and hope this award is the first of many.

The COVID-19 pandemic brought unprecedented challenges for the NAFN service but we were able to maintain business as the Service Team seamlessly adjusted to home-working. The benefit of our annual webinar timetable (on-line training), regular electronic communications (monthly newsletters) and dissemination of alerts/bulletins continued to provide much needed training and development alongside key information to keep members connected whilst working remotely.

At the height of the pandemic, local authority administration of COVID-19 Business Grants created a new threat. Upholding our commitment to respond to emerging business needs, we prioritised resources to ensure NAFN Intelligence Alerts were distributed promptly. Also, new services were quickly rolled out to members to support prevention, investigations and recovery. We continued to collate and share the intelligence gathered for the Department of Business, Energy and Industrial Strategy and the Cabinet Office to show how effective local authority prevention, investigation and due diligence has been in spite of attempted fraud and reported losses.

As we end the year, I am really pleased to report the launch of our external website refresh and the new platform for NAFN Professional Training and Development (E-Learning and CPD). Both provide added value to NAFN membership. The former creating a modern and fully interactive public facing website; the latter delivering e-learning courses which are relevant, accessible and a great way to assess and benchmark skills and competencies.

Lavinia Ferguson

Service Team Manager

Sarah Cooper
NAFN Data and Intelligence Services

The national COVID-19 emergency brought some big changes in 2020. Home-working measures were introduced in March and these remain in place for the entire NAFN Service Team. My team has remained fully operational throughout the crisis and continues to successfully deliver an effective service and offer significant support to our members.

Part of the national response to the COVID-19 crisis was the introduction of local authority administered business grants which were quickly identified as a fraud risk. In response to the emerging threat we worked closely with existing providers to identify services which would support our members in both prevention and investigation of business grant fraud.

New services (Equifax Equip and TransUnion Call Validate) were introduced to support local authorities at the grant verification stage. In April, we entered into an agreement with our partners at National Hunter to extend their support, on a pilot basis, to trace accounts identified as being used to fraudulently obtain grants.

Additional COVID-19 demands led to a change in the priorities of our members and whilst this initially had an impact on the level of support some departments required from NAFN, the changes had little impact on the need for members to acquire communications data. We continued to see an increase in the number of CD applications submitted to us by local and wider public authorities and have, in response, furnished those organisations with timely and relevant data and intelligence to enhance their investigations.

We continue to promote and encouraged wider public authorities to make greater use of the NAFN Investigatory Powers Act SPOC Service. We work closely with these organisations who have recently been incorporated into the legislation.

Our annual inspection by the Investigatory Powers Commissioners Office took place in December 2019 and for the fourth year running I am pleased to report that the outcome of the inspection was extremely positive with no recommendations received. This reflects well on the guardian and gatekeeper role played by all members of the NAFN Service Team who continually strive to provide a professional, competent and legally compliant service to members.

Sarah Cooper

NAFN Executive Board Membership

Chair

Wendy Poole

Head of Risk Management and Audit Services
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Treasurer

Peter Farrow
Head of Audit
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Other Executive Board Members

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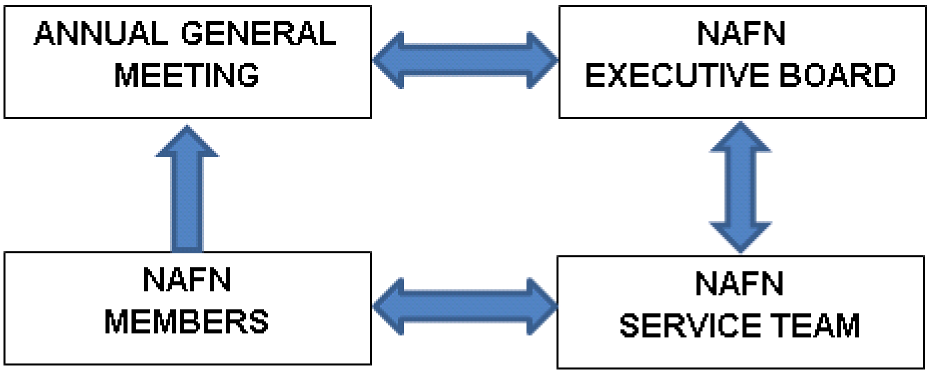
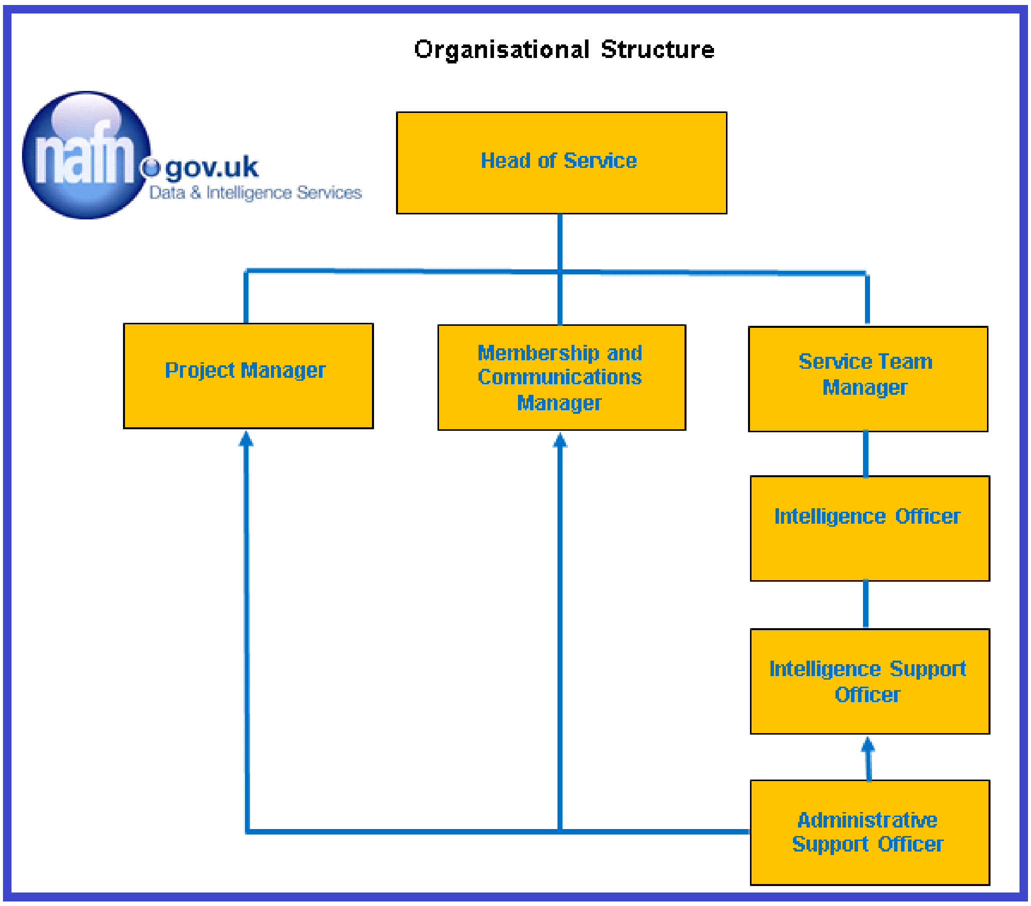
Governance and Organisational Structure

Over the past 23 years the organisational structure has remained consistent as shown in the diagram below. The Executive Board and the NAFN Service Team work with external partners and other stakeholders to maintain and enhance the services for members. The Service Team works closely with members and a range of data and business solution providers to support operations and day to day business.



The current organisational structure is set out below:



NAFN Service Team

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SERVICE TEAM MANAGER

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PROJECTS MANAGER

VACANT

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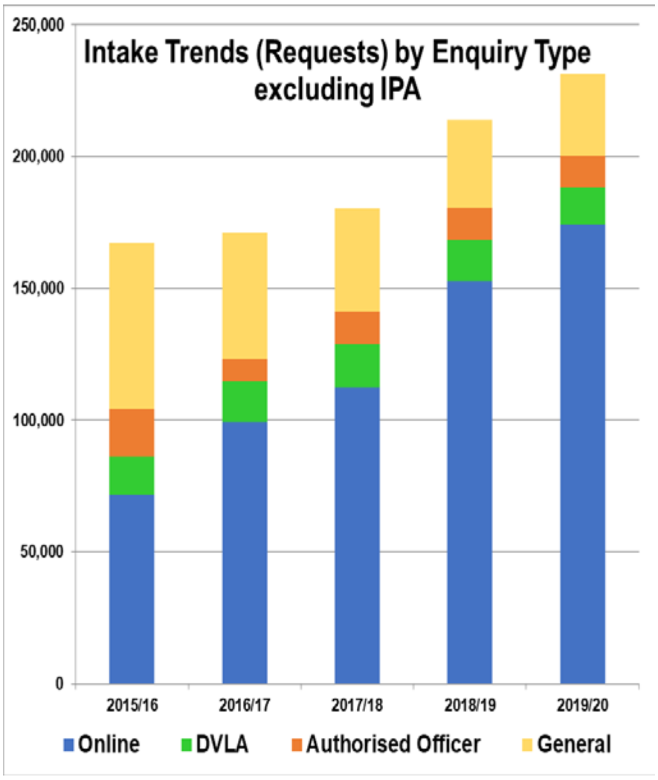
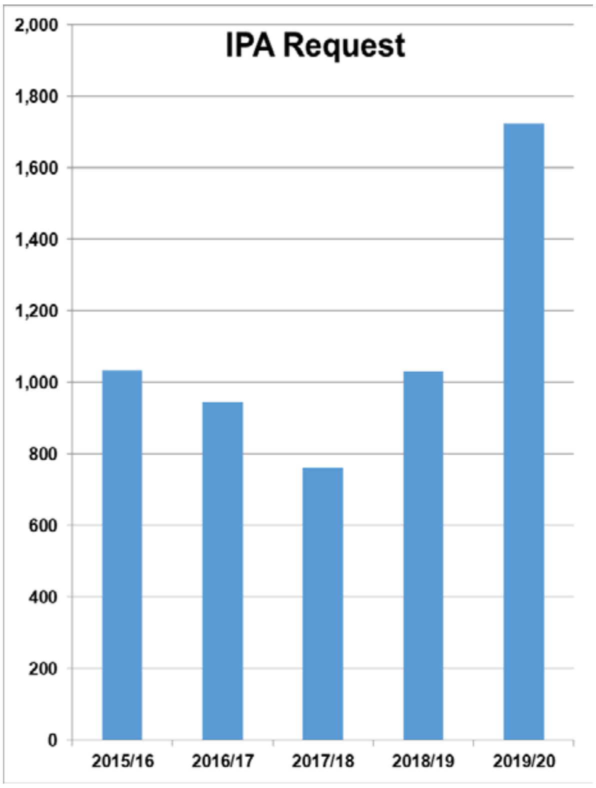
APPENDIX A

Intake

Enquiry Type	2019/20 April – March	2018/19 April - March
Authorised Officer Service	11,638	12,108
General Service	31,294	33,530
DVLA	14,044	15,584
Type ‘B’ Data	174,474	152,762
RIPA	1,725	1,032
Total Enquiries	233,175	215,016

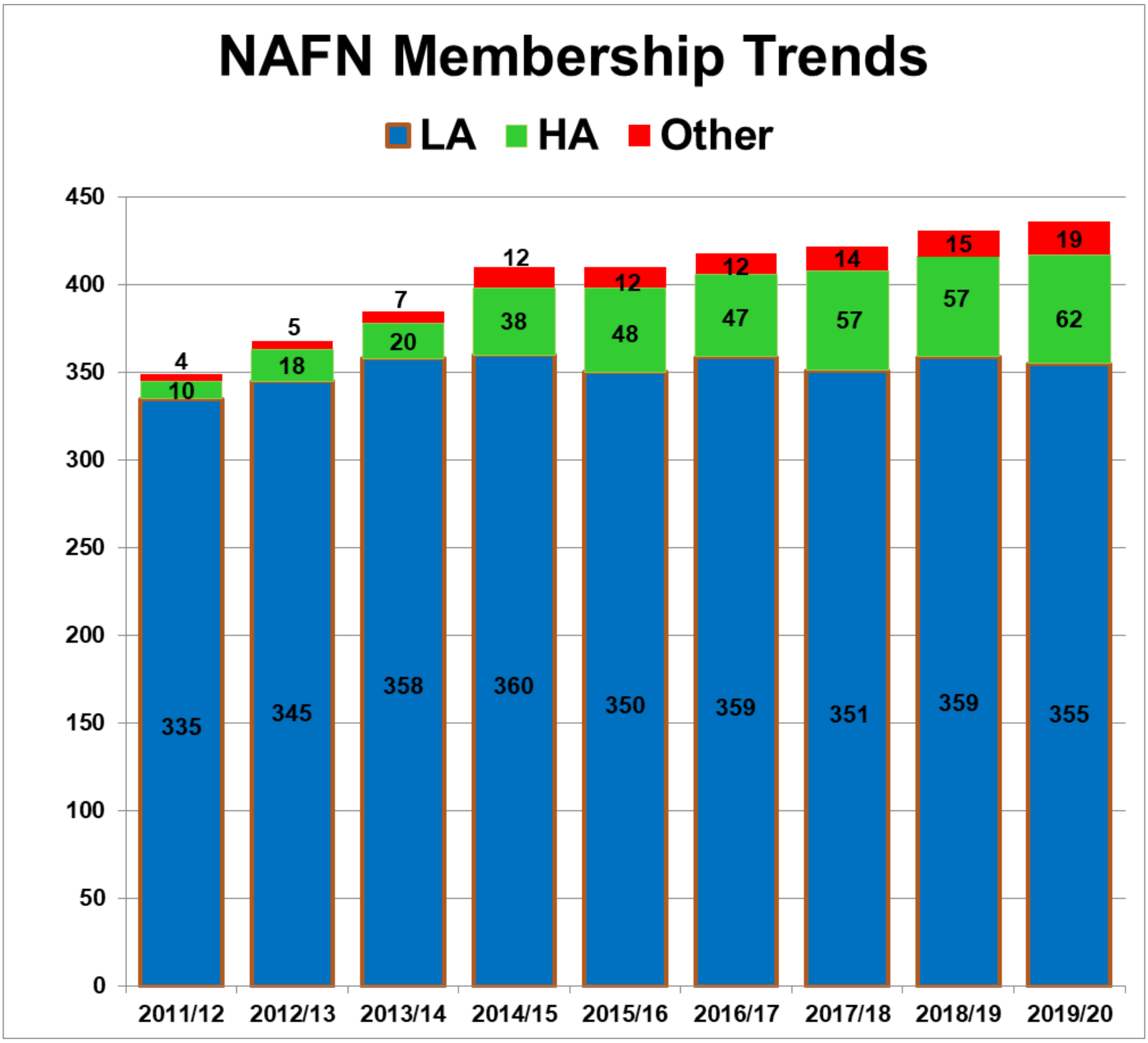




APPENDIX B

Membership

Organisation Type	March 2020	March 2019
Local Authority	355	359
Housing Associations	62	57
Other Organisations	19	15
Total	436	431



APPENDIX C

Membership March 2019-20

LOCAL AUTHORITIES

Aberdeenshire Council
Adur Worthing District Council
Amber Valley BC
Anglesey Council
Angus Council
Arun District Council
Ashford BC
Aylesbury Vale DC
Babergh District Council
Barnsley MBC
Barrow-in-Furness BC
Basildon District Council
Basingstoke & Deane BC
Bassetlaw District Council
Bath & North East Somerset
Bedford BC
Belfast City Council
Birmingham City Council
Blaby District Council
Blackburn BC
Blackpool BC
Blaenau Gwent CBC
Bolsover District Council
Bolton MBC
Boston Borough Council
BPC Council
Bracknell-Forest BC
Bradford City Council
Braintree District Council
Breckland District Council
Brentwood BC
Bridgend CBC
Brighton & Hove Council
Bristol City Council
Broadland District Council
Bromsgrove District Council
Broxbourne BC
Broxtowe BC
Buckinghamshire County Council
Burnley BC
Bury MBC
Caerphilly CBC
Calderdale MBC
Cambridge City Council
Cambridgeshire County Council
Cannock Chase Council
Canterbury City Council
Cardiff Council
Carmarthenshire CBC
Castle Point BC
Causeway Coast and Glens DC
Central Bedfordshire Council
Ceredigion County Council
Charnwood BC
Chelmsford City Council
Cheltenham BC
Cherwell District Council
Cheshire East Council
Cheshire West & Chester Council
Chesterfield BC
Chichester District Council
Chiltern District Council
Chorley MBC
City of London Corporation
City of Wolverhampton Council
Conwy CBC
Corby BC
Cornwall Council
Cotswold District Council
County Durham Council
Coventry City Council
Crawley BC
Cumbria County Council
Cyngor Gwynedd Council
Darlington BC
Dartford BC
Daventry District Council
Denbighshire County Council
Derby City Council
Derbyshire County Council
Devon County Council
Doncaster Metropolitan Council
Dorset Council
Dover District Council
Dudley MBC
Dundee City Council
East Ayrshire Council
East Cambridgeshire DC
East Devon District Council
East Dunbartonshire Council
East Hertfordshire DC
East Lindsey District Council
East Northamptonshire Council
East Renfrewshire Council
East Riding of Yorkshire Council
East Suffolk Council
East Sussex County Council
Eastbourne BC
Eastleigh Borough Council
Edinburgh City Council
Elmbridge BC
Epping Forest District Council
Epsom & Ewell BC
Erewash BC
Essex County Council
Falkirk Council
Fareham BC
Fenland District Council
Fife Council
Flintshire County Council
Folkestone and Hythe DC
Forest of Dean District Council
Fylde BC
Gateshead Council
Gedling BC
Glasgow City Council
Gloucester City Council
Gloucestershire County Council
Gosport BC
Gravesham BC
Guilford BC
Halton BC
Hambleton District Council
Hampshire County Council
Harborough District Council
Harlow Council
Harrogate BC
Hartlepool BC
Havant BC
Herefordshire County Council
Hertfordshire County Council
Hertsmere BC
High Peak BC
Hinckley and Bosworth BC
Huntingdonshire DC
Hyndburn BC
Inverclyde Council
Ipswich BC
Kent County Council
Kettering BC
King's Lynn and West Norfolk BC
Kingston upon Hull City
Kirklees MBC
Knowsley MBC
Lancashire County Council
Lancaster City Council
LB Barking and Dagenham
LB Barnet
LB Bexley
LB Brent
LB Bromley
LB Camden
LB Croydon
LB Ealing
LB Enfield
LB Hackney
LB Hammersmith & Fulham
LB Haringey Council
LB Harrow Council
LB Havering
LB Hillingdon
LB Hounslow

LB Islington
LB Lambeth
LB Lewisham
LB Merton
LB Newham
LB Redbridge
LB Richmond upon Thames
LB Southwark Council
LB Sutton
LB Tower Hamlets
LB Waltham Forest
LB Wandsworth BC
Leeds City Council
Leicester City Council
Leicestershire County Council
Lewes D C
Lichfield District Council
Lincolnshire County Council
Liverpool City Council
Luton BC
Maidstone BC
Malvern Hills District Council
Manchester City Council
Mansfield District Council
Medway Council
Mendip District Council
Merthyr Tydfil CBC
Mid Devon District Council
Mid Suffolk District Council
Mid Sussex District Council
Middlesbrough BC
Midlothian Council
Milton Keynes Council
Mole Valley District Council
Monmouthshire CBC
Neath Port Talbot County BC
Newark and Sherwood DC
Newcastle Upon Tyne Council
Newport City Council
Norfolk County Council
North Ayrshire Council
North East Derbyshire DC
North East Lincolnshire Council
North Hertfordshire DC
North Kesteven DC
North Lanarkshire Council
North Lincolnshire Council
North Norfolk District Council
North Somerset Council
North Tyneside Council
North West Leicestershire DC
North Yorkshire County Council
Northampton BC
Northamptonshire County Council
Northumberland County Council
Norwich City Council
Nottingham City Council
Nottinghamshire County Council
Oadby & Wigston BC
Oldham MBC
Orkney Islands Council
Oxford City Council
Oxfordshire County Council
Pembrokeshire County Council
Perth & Kinross Council
Peterborough City Council
Plymouth City Council
Poole BC
Portsmouth City Council
Powys County Council
Preston City Council
RB Greenwich Council
RB Kensington & Chelsea
RB Kingston Upon Thames
RB Windsor & Maidenhead
Reading BC
Redcar & Cleveland BC
Redditch BC
Reigate & Banstead BC
Renfrewshire Council
Rhondda Cynon Taff CBC
Ribble Valley BC
Richmondshire DC
Rochdale MBC
Rossendale BC
Rother District Council
Rotherham MBC
Runnymede BC
Rushcliffe BC
Rushmoor BC
Ryedale District Council
Salford MBC
Sandwell MBC
Scottish Borders
Sedgemoor District Council
Sefton Council
Selby District Council
Sevenoaks District Council
Sheffield City Council
Shropshire Council
Slough BC
Solihull MBC
Somerset West and Taunton
South Ayrshire Council
South Bucks DC
South Cambridgeshire DC
South Derbyshire DC
South Gloucestershire Council
South Hams District Council
South Holland D C
South Kesteven DC
South Lakeland DC
South Lanarkshire Council
South Norfolk DC
South Northamptonshire DC
South Oxford DC
South Ribble BC
South Somerset DC
South Staffordshire DC
South Tyneside MBC
Southampton City Council
Southend BC
Spelthorne BC
St. Helens MBC
Stafford BC
Staffordshire County Council
Staffordshire Moorlands DC
Stevenage BC
Stirling Council
Stockport MBC
Stockton-On-Tees BC
Stoke City Council
Stratford on Avon DC
Stroud District Council
Suffolk County Council
Sunderland City Council
Surrey County Council
Surrey Heath B. C.
Swale BC
Swansea City Council
Swindon BC
Tameside MBC
Tamworth BC
Tandridge DC
Telford & Wrekin Council
Tendring District Council
Test Valley BC
Tewkesbury BC
The Highland Council
The Moray Council
Three Rivers District Council
Thurrock BC
Tonbridge & Malling BC
Torbay BC
Torfaen CBC
Torridge District Council
Trafford BC
Tunbridge Wells BC
Uttlesford District Council
Vale of Glamorgan Council
Vale of White Horse DC
Wakefield District Council
Walsall MBC
Warrington BC
Warwick District Council
Warwickshire County Council
Watford BC
Waverley BC
Wealden District Council
Wellingborough BC
Welwyn Hatfield Council
West Berks District Council
West Devon BC
West Dunbartonshire Council
West Lancashire DC
West Lothian Council
West Oxfordshire DC
West Suffolk Council
West Sussex County Council
Westminster City Council
Wigan MBC
Wiltshire Council
Wirral MBC
Wokingham BC
Worcester City Council
Worcestershire County Council

Worthing BC
Wrexham CBC
Wychavon District Council
Wycombe District Council
Wyre BC
Wyre Forest District Council
York City Council

Associate Members March 2019-20

HOUSING ASSOCIATIONS

A2 Dominion
Accent Housing
Aldwyck Group
Arawak Walton
Arhag Housing Association
Aspire Housing
B3 Living
Bolton at Home
Bromford Housing Group
Bromsgrove Housing Trust
Cadwyn Housing Association
Clarion Housing
Connexus Group
Eastend Homes
Eleanor Palmer Trust
First Ark
First Choice Homes Oldham
Fortis Housing
Gentoo Group
Greensquare Housing
Guinness Partnership
Haig Housing
Hyde Housing
Irwell Valley
L & Q Group
Merlin Housing Association
Moat Housing
Network Homes
Notting Hill Genesis
Nottingham City Homes
Octavia Housing
One Housing
Onwards Homes
Optivo Housing
Orbit Group LTD
PA Housing
Peabody Housing
Radian Housing
Riverside Group
Rooftop Housing Group
Salix Homes
Sanctuary Housing
Settle Housing Group
Shepherds Bush
Soha Housing
Soho Housing
South Liverpool Homes
South Yorkshire HA
Southern Housing
Southway Housing Trust
Sovereign Housing Association
St. Leger Homes Of Doncaster
Stockport Homes
Thrive Homes
Torus 62 Ltd
Two Rivers
Vale of Aylesbury Housing Trust
Vivid Homes
Wandle Housing Association
Watford Community Housing
Weaver Vale Housing
Wyre Forest Community Housing

OTHER PUBLIC AUTHORITIES

Department of Health
DWP
DWP NISSA
FACT
Food Standards Agency E & W
Food Standards Scotland
HM Land Registry
Information Commissioners Office
Intellectual Property Office
Mersey Internal Audit Agency
NHS Audit Yorkshire
NHS Imperial
NHS Newcastle
NHS Scotland
Northern Ireland Housing Executive
OFCOM
Office of Product Safety and Standards
Police Investigation Review Commissioner
The Pension Regulator

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Report To:	**AUDIT PANEL**
Date:	10 November 2020
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**NATIONAL FRAUD INITIATIVE REPORT**
Report Summary:	To advise Members of the report produced by the National Fraud Initiative summarising the findings from the 2018/2020 Exercise.
Recommendations:	Members note the report.
Links to Corporate Plan:	No direct links but supports the individual operations within the Community Strategy.
Policy Implications:	Effective Counter Fraud arrangements demonstrate a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the Statutory Section 151 Officer and Chief Finance Officer)**	Fraud diverts money away from service delivery and therefore it is important that effective counter fraud arrangements are in place to minimise losses relating to fraud.
Legal Implications: **(Authorised by the Borough Solicitor)**	Demonstrates compliance with the Accounts and Audit Regulations 2015 and Part 6 and Schedule 9 of the Local Audit and Accountability Act 2014.
Risk Management:	The fundamental challenge that public bodies face with fraud is that it is a hidden crime – those committing it actively try to conceal it so we must be proactive in our efforts to seek it out. The National Fraud Initiative conducted by the Cabinet Office, involves data matching exercises to help in the prevention and detection of fraud, overpayments and errors. The investigation of the matches enables the Council to combat the risk of fraud, by building any learning from the results back into the systems and processes used to improve internal controls.
Background 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. BACKGROUND

1.1 The National Fraud Initiative (NFI), conducted by the Cabinet Office, involves data matching to help in the prevention and detection of fraud. The NFI provides multiple solutions, ranging from real time point of application fraud prevention checks through to the national data matching exercise which helps those that take part detect active fraud cases within systems.

1.2 Data for the NFI is provided by some 1,200 participating organisations from the public and private sectors including local authorities, government departments, private registered providers of social housing (also known as housing associations) and pension schemes. The NFI works with public audit agencies in all parts of the UK. Data matching involves comparing sets of data electronically, such as the payroll or benefit records of a body, against other records held by the same or another body to see to what extent they match. This data is usually comprised of personal information.

1.3 Participating organisations receive the resulting data matches for consideration and investigation where appropriate. The data matching identifies inconsistencies that require further investigation and allows potentially fraudulent claims and payments to be identified. No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed. Once an investigation has been completed, the body can take appropriate action which may be to prosecute cases of fraud, recover overpayments, make good underpayments and update records as appropriate. There is also an opportunity to identify system weaknesses and review controls.

1.4 The NFI is conducted using the data matching powers conferred on the Minister for the Cabinet Office by Part 6 of and Schedule 9 to the Local Audit and Accountability Act 2014. The legal basis for processing personal data is that processing is necessary for the performance of a task carried out in the public interest. Certain public sector bodies are required to provide data for the NFI on a mandatory basis. In addition, bodies can provide data for matching on a voluntary basis.

1.5 The National Fraud Initiative Report published in July 2020 is attached at **Appendix 1**. The report includes all NFI outcomes recorded in the period 1 April 2018 to 4 April 2020. These outcomes include NFI 2018/19 (the national data matching matches released at the end of January 2019), as well as those from the FraudHub, AppCheck and ReCheck products.

2 SUMMARY REPORT FINDINGS

2.1 The report states that the fundamental challenge that public bodies face with fraud is that it is a hidden crime – those committing it actively try to conceal it so we must be proactive in our efforts to seek it out.

2.2 The report is divided into several sections listed below:-

- Forward
- About NFI
- Fraud, Overpayments and Errors identified and prevented across the UK (2018-2020)
- Outcomes by Risk Area
- Main Messages, Case Studies and Pilots
- NFI Looking Forward and Improving
- Comparison Data

2.3 NFI has enabled participating organisations within the UK to prevent and detect £245 million fraud and error in the period 1 April 2018 to 4 April 2020. This brings cumulative outcomes for NFI participants to £1.93 billion.

2.4 The £245 million can be analysed by area in Table 1 below.

Table 1 – Analysis by Area

Area	Amount of Fraud and Error
England	£215.8m
Northern Ireland	£5.5m
Scotland	£15.3m
Wales	£8.0m
Totals	**£244.7m**

2.5 The £215.8m of detected fraud, overpayments and errors in England can be analysed in Table 2 below. The figures for Tameside have been added to the table to show our contribution to the 2020 figures and in total £276,951 represents 0.13%.

Table 2 – Analysis of Value by Risk Area for 2020 Compared to 2018

Risk Area	2018 £m	2020 £m	Direction of Travel	Tameside 2020		
				Amount £	No. of Frauds	No. of Errors
Pensions	136.9	55.5	↓			
Council Tax	32.6	43.9	↑			
Housing Benefit	24.9	35.0	↑	46,047		85
Blue Badges	18.0	26.9	↑	7,475		13
Council Tax Reduction	2.8	6.5	↑			
Trade Creditors	4.3	5.1	↑			
Pilots (Including HMRC)	-	3.5	↑	223,108		65
Personal Budgets	0.5	2.1	↑	321	1	
Payroll	4.0	0.6	↑			
Private Residential Homes	4.4	5.1	↑			
Housing Waiting List	25.5	20.1	↓			
Housing Tenancy	5.5	5.6	↑			
Other	7.9	5.9	↑			
Totals	**267.4**	**215.8**		**276,951**	**1**	**163**

2.6 The report provides key messages in relation to each of the risk areas and features case studies demonstrating how Councils have used the data matches successfully.

2.7 NFI introduce new data sets and matches and these are usually piloted first to understand the data and the outcomes. During 2018/19 Housing Benefit Claims and Council Tax Reduction Claims were matched to HMRC information and significant saving were identified as shown in the table above by Tameside as part of the pilot. A case study featuring the findings of the pilot can be found on Page 29 of the report.

3 LOOKING FORWARD

3.1 The COVID-19 pandemic has already impacted on the NFI work programme in 2020 and 2021.

Following a consultation NFI have confirmed that the data matching exercise will be extended to support local councils in identifying potential fraud across several government funding initiatives, in particular where local councils administer payments, for example, Business Support Grants.

3.2 Alongside this the NFI is also working with government departments on if/how the NFI can support them.

4 EXPANSION OF NFI DATA MATCHING PURPOSES

4.1 Throughout 2019/20 NFI have been working towards passing an important piece of secondary legislation which would allow the NFI to expand the purposes of data matching. The Minister for the Cabinet Office currently has the power to conduct data matching exercises for one purpose: to help in the prevention and detection of fraud.

4.2 The Local Audit and Accountability Act 2014 (LAAA), however, provides that four additional purposes for data matching can be added to Schedule 9 (by affirmative regulations) and the Schedule can also be modified. The NFI is hoping to add all four new purposes for data matching exercises, which are to assist in the:

- Prevention and detection of crime (other than fraud)
- Apprehension and prosecution of offenders
- Prevention and detection of errors and inaccuracies
- Recovery of debt owing to public bodies

4.3 Analysis has already shown that these new data matching purposes could have far reaching benefits across the public sector. During 2020/21 NFI will be looking to implement the purposes, through a parliamentary statutory instrument that will amend the LAAA. They will also develop a plan of appropriate data matching pilots for each purpose successfully included.

5. RECOMMENDATION

5.1 As set out on the front of the report.

Appendix 1

Cabinet Office

nfi
National Fraud Initiative

National Fraud Initiative Report

July 2020

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National Fraud Initiative Report

2020 Report

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Foreword

The fundamental challenge that public bodies face with fraud is that it is a hidden crime – those committing it actively try to conceal it so we must be proactive in our efforts to seek it out.

I am therefore delighted to report that the National Fraud Initiative, the Cabinet Office's data matching service, has enabled participating organisations to prevent and detect £245 million fraud and error in the period 1st April 2018 to 4th April 2020[1]. This brings cumulative outcomes for NFI participants to £1.93 billion.

This fraud and error has been detected and prevented by the hard working staff at the 1,200 public and private sector organisations that participate in the National Fraud Initiative.

Reducing the amount of fraud in systems is a huge challenge to your organisations. We remain committed to supporting you by developing the National Fraud Initiative, and working with its community of users to drive fraud out of public services, ensuring that taxpayers' money is spent where it is needed most.

The National Fraud Initiative has the ability to quickly address emerging risks through the targeted data matching pilots that are carried out throughout the two year cycle. Most of these pilots come from your suggestions, however the scale of government COVID-19 emergency relief now offers a significant opportunity for fraudsters.

It is for this reason that we plan to extend the National Fraud Initiative remit to help ensure COVID-19 emergency relief funding is only accessed by those that are entitled.

> **"...this fraud and error has been detected and prevented by the hard working staff that participate in the National Fraud Initiative"**

The initial focus will look for irregularities in the funding distributed through local authorities. This will include, but is not limited to Business Support Grant data, such as grant recipients and business rates system data.

We are already actively engaging with stakeholders in the public and private sector to understand how the National Fraud Initiative can be further developed to highlight fraud across more of the COVID-19 support packages.

The use of data and effective data matching is a central element of our efforts to ensure that COVID-19 financial support is not lost to fraud and error.

The National Fraud Initiative has shown the effectiveness of this approach both in the last NFI exercise, and cumulatively since its inception.

This report demonstrates this across many areas of the public sector, and its use in the COVID-19 spend areas shows our commitment to seek out, find and tackle fraud and error across the public sector.

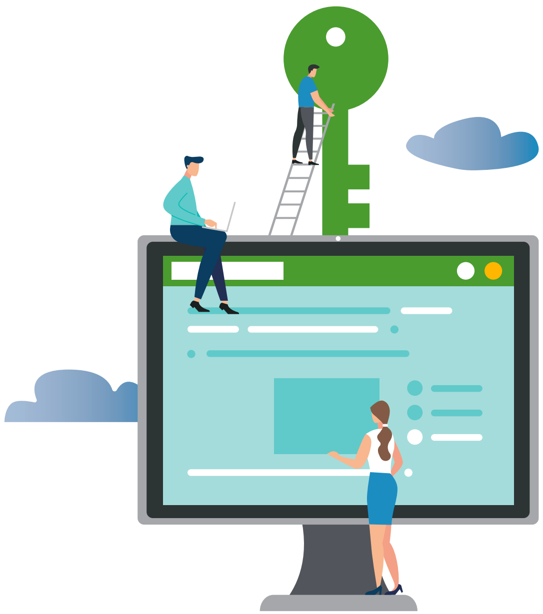
Lord Agnew, Minister of State at the Cabinet Office and Her Majesty's Treasury

[1] The nearest date to 31st March 2020 management information was available to produce this report.

About the National Fraud Initiative

The National Fraud Initiative (NFI), conducted by the Cabinet Office, involves data matching to help in the prevention and detection of fraud.

The NFI provides multiple solutions, ranging from real time point of application fraud prevention checks through to the national data matching exercise which helps those that take part detect active fraud cases within systems.



Data for the NFI is provided by some 1,200 participating organisations from the public and private sectors including local authorities, government departments, private registered providers of social housing (also known as housing associations) and pension schemes. The NFI works with public audit agencies in all parts of the UK.

Data matching involves comparing sets of data electronically, such as the payroll or benefit records of a body, against other records held by the same or another body to see to what extent they match.

This data is usually comprised of personal information[2].

Participating organisations receive the resulting data matches for consideration and investigation where appropriate.

The data matching identifies inconsistencies that require further investigation and allows potentially fraudulent claims and payments to be identified.

No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed.

Once an investigation has been completed, the body can take appropriate action which may be to prosecute cases of fraud, recover overpayments, make good underpayments and update records as appropriate. There is also an opportunity to identify system weaknesses and review controls.

The NFI is conducted using the data matching powers conferred on the Minister for the Cabinet Office by Part 6 of and Schedule 9 to the Local Audit and Accountability Act 2014.

The legal basis for processing personal data is that processing is necessary for the performance of a task carried out in the public interest. Certain public sector bodies are required to provide data for the NFI on a mandatory basis.

In addition, bodies can provide data for matching on a voluntary basis.

This report includes all NFI outcomes recorded in the period 1st April 2018 to 4th April 2020.

These outcomes include NFI 2018/19 (the national data matching matches released at the end of January 2019), as well as those from the FraudHub, AppCheck and ReCheck products. Outcomes from incomplete investigations will be captured and reported as part of the next NFI exercise.

[2] The data requirements for the NFI exercise are set out in **data specifications**.

The NFI product portfolio

National Exercises

Data is collected from organisations across the UK for national fraud detection batch matching every two years. Matches are accessed through a secure web application.

The NFI matching cycle

1. National data matching exercise every two years with annual council tax single person discount matching.

2. Participating bodies submit data to the secure website.

3. The NFI system matches data within and between bodies to identify anomalies.

4. Potential anomalies referred to as ‘matches’ are made available to participating bodies to review, investigate and record outcomes.

5. The NFI Team provides support throughout the exercise and monitor participants progress.

6. Every two years an outcome report is produced which summarises the success of the different types of matches.

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nfi AppCheck

A fraud prevention tool that helps organisations to stop fraud at the point of application, thereby reducing administrative and future investigation costs.

nfi ReCheck

A flexible batch matching tool that allows an organisation to repeat national batch matching at a time to suit them.

nfi FraudHub

FraudHub enables individual organisations or groups of neighbouring organisations to regularly screen more than one dataset with the aim of detecting errors in processing payments, or benefits and services.

Cost of running the NFI

Main expenditure

Data Services
Delivered under contract by an external supplier

+

Staff costs
Cabinet Office NFI Team has ten members of staff

=

£2.7 million (over two years)

Income

Fees from participants

=

£2.8 million (over two years)

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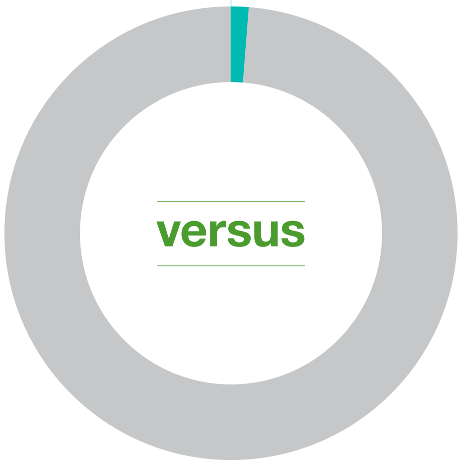
£2.8 million fee income



£245 million outcomes

Example fees[3]

2018/19 National

- London Borough Council **£4,150**
- Mid-sized council **£2,200**
- Police **£1,000**
- NHS Foundation Trust **£1,000**

nfi AppCheck

Sliding scale from **£275** for 250 searches to **£850** for 1,000 searches, or **£1,850** annual membership (unlimited searches)

nfi ReCheck

£300 per dataset for 1-20 datasets, or **£250** per dataset (20+)

nfi FraudHub

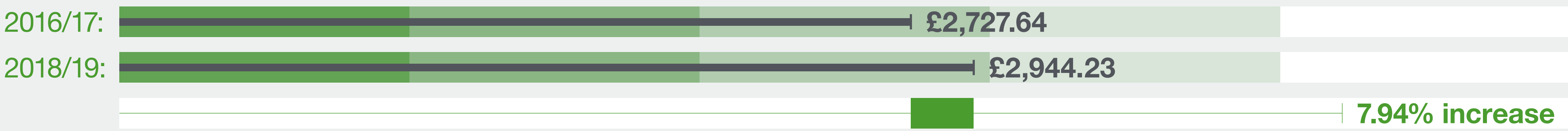
£1,840 to £7,640 annual membership dependent on type of public sector body

[3] The NFI work programme and scale of fees are consulted on prior to each exercise.

Fraud, overpayments and errors identified and prevented across the UK (2018 to 2020)

Results for the period 1st April 2018 to 4th April 2020:

UK financial outcomes per case (categorised by participants as error or fraud):



Fraud, overpayments and errors identified and prevented across the UK (1996 to 2020)

The NFI results for the UK over time:

£1.93 billion

The NFI began as a pilot in 1993 with 13 London Borough Councils, matching housing benefit and student awards data, finding 500 cases of fraud.

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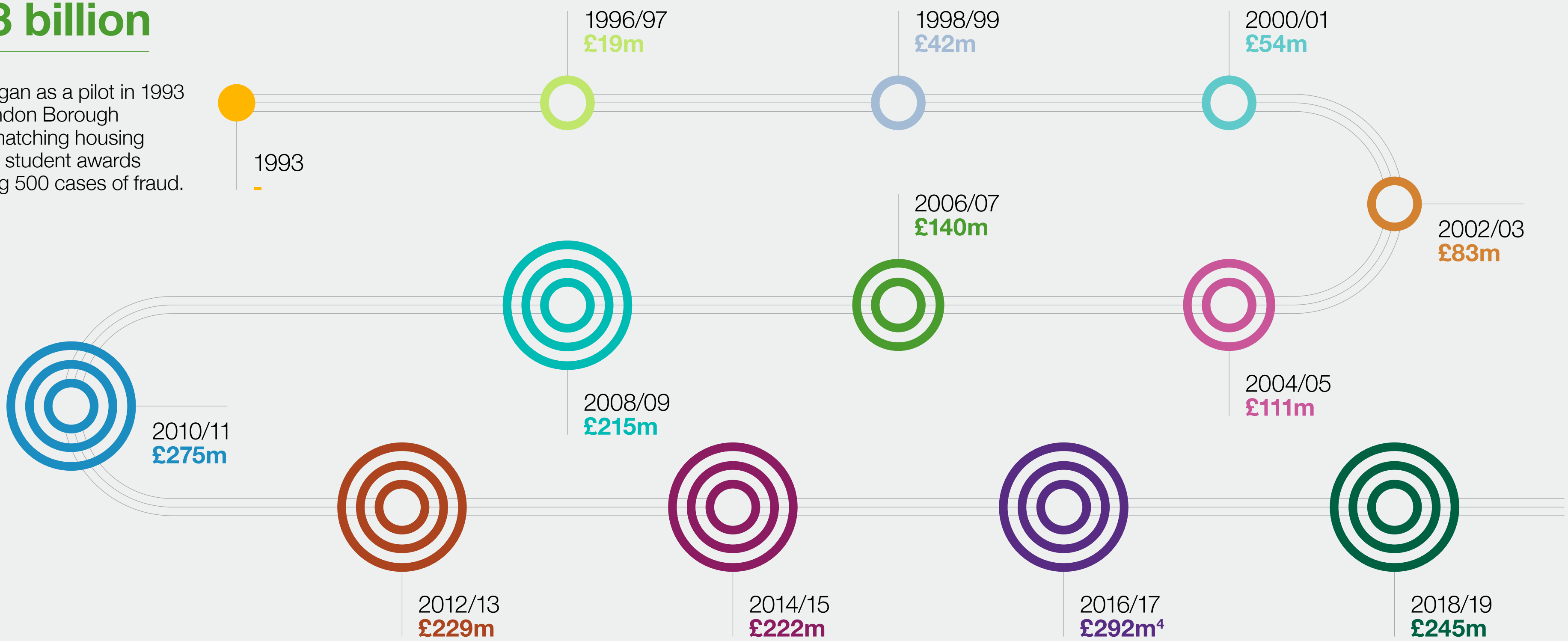

[4] Pension related outcomes in the previous NFI exercise were overstated by £9 million due to a formula error. The corrected overall total is shown in this graphic.

An analysis of the NFI results in England (2018 to 2020)

The results in England total: **£215.8 million**

The main categories of fraud identified by the NFI in England relate to:

£55.5 million of pension fraud and overpayment

£43.9 million of fraudulent, or wrongly received, council tax single person discount

£35.0 million of housing benefit fraud and overpayment

The exercise produced the following significant results in England:

151,815 concessionary travel passes were cancelled

46,750 blue badges were cancelled

36,728 number of incorrect claims for council tax single person discount

6,092 false applications were removed from housing waiting lists

2,688 cases where council tax reduction had been claimed incorrectly

292 cases where payments to a care home had continued after the death of the resident

60 social housing properties recovered

The £215.8 million also includes a number of pilot matches. More details about pilots can be found on **page 28**. Results were as follows:

	Number of cases	Actual outcomes £ million	Amount recovered £ million
HMRC information sharing[5]	2,481	3.9 (Estimates £4.9 million)	3.4
State Benefits	81	0.2 (Estimates £0.2 million)	0.1
Utilities	8,465	- (Estimates £3.2 million)	-
Total including estimates	**11,027**	**12.4**	**3.5**

[5] Outcomes from the HMRC information sharing pilot are split across the relevant dataset area for example, housing benefits, council tax, etc.

An analysis of recovery rates in England

Once overpayments have been identified, public bodies can take appropriate action to recover the money.

At the end of this reporting period, public bodies had taken action to recover 88.6% of total frauds detected compared to 79% for the equivalent period to the end of March 2018.

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"...public bodies had taken action to recover 88.6% of total frauds detected"

Table 1 – Recovery rates in England

Dataset	Fraud detected (actual not estimated) £ million	Amount in recovery £ million	Recovery rate %
Housing Benefit	26.3	21.5	82%
Council Tax Single Person Discount	17.2	15.9	92%
Pensions	7.3	6.9	94%
Creditor Payments	5.1	5.4[6]	106%
Council Tax Reduction	4.2	3.7	88%
Private Residential Care Homes	2.7	2.7	100%
Personal Budgets	0.8	0.7	95%
Other	0.7	0.5	70%
Payroll	0.5	0.2	40%
Pilots (excluding HMRC pilot[7])	0.2	0.1	83%
Right to Buy	0.03	0.03	100%
Total	**65.1**	**57.7**	**88.6%**

[6] This includes amounts from 2016/17 that were retrospectively marked as recovered in this reporting period.

[7] Outcomes from the HMRC information sharing pilot are split across the relevant dataset area for example, housing benefits, council tax, etc.

Recovery rate/impact of the NFI on public finances

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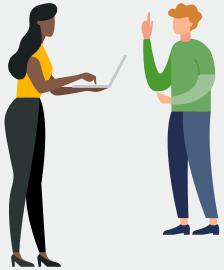
£215.8 million

= The total amount of fraud, overpayments and error identified and prevented by NFI participants in England during the period 1st April 2018 to 4th April 2020.



Actual fraud detected:
£65.1m

Estimated value of fraud detected and future losses prevented:
£150.7m

Not recovered =
£7.4m

Recovered =
£57.7m

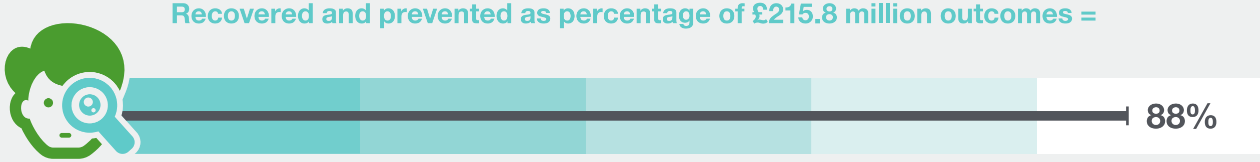
Detected =
£18.5m

Prevented =
£132.2m

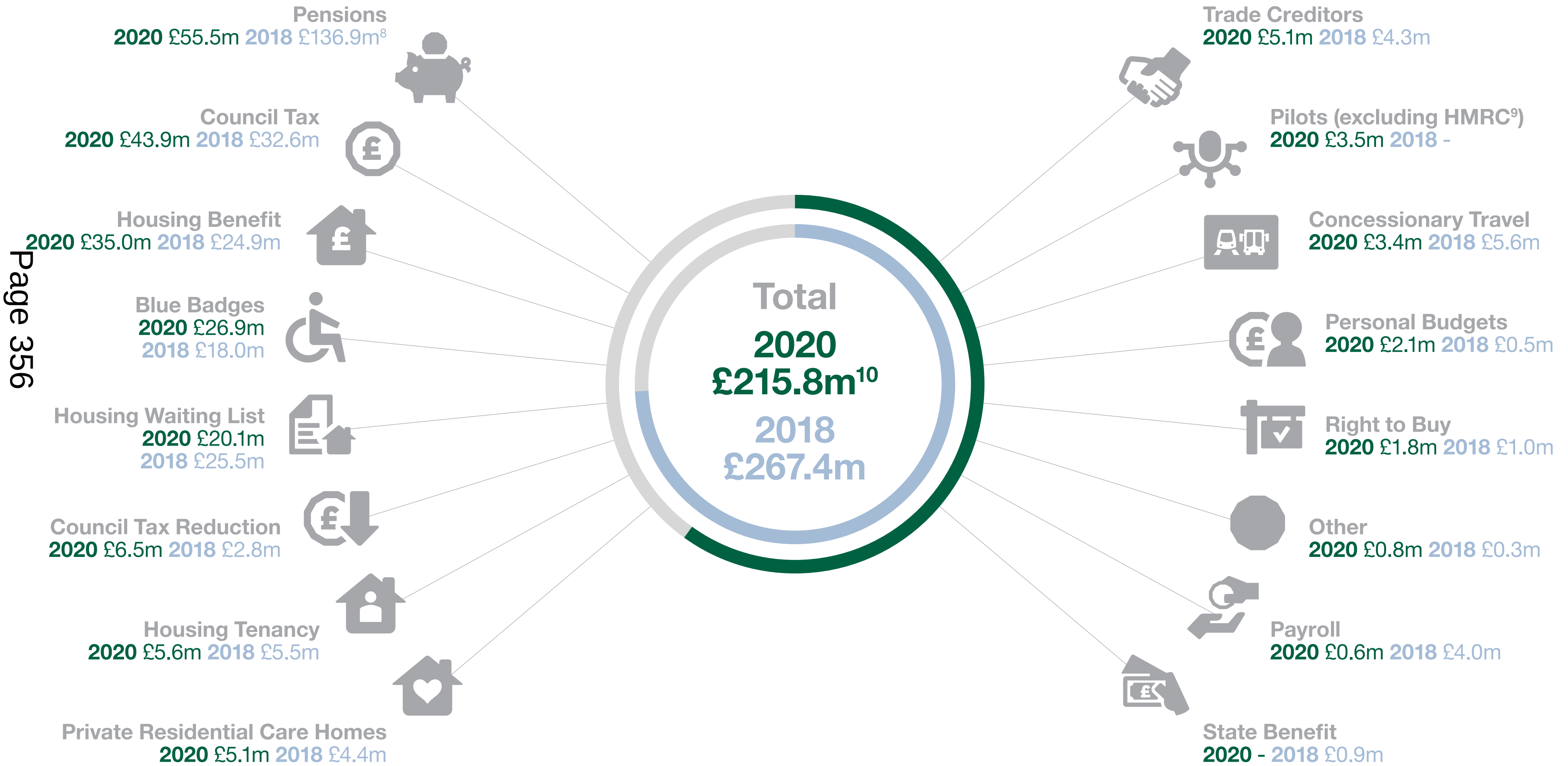
Total Losses Recovered and Prevented =

£189.9m

Recovered and prevented as percentage of £215.8 million outcomes =



Outcomes in England by risk area



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[8] Pension related outcomes in the previous NFI exercise were overstated by £7.9 million due to a formula error. The corrected figure is shown in this graphic.

[9] Outcomes from the HMRC information sharing pilot are included in the headings above, as applicable.

[10] Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Main messages for 2018 to 2020 by data set

Pensions: £55.5 million

Individuals obtaining the pension payments relating to a deceased person.

The Office for National Statistics, Occupational Pension Schemes Survey[11] published June 2019, concluded that the total membership of occupational pension schemes in the UK was an estimated 45.6 million in 2018, compared with 41.1 million in 2017. Active membership of occupational pension schemes was 17.3 million in 2018, split between the private (11.0 million) and public sector (6.3 million). Active membership of private sector defined contribution occupational schemes was 9.9 million in 2018, representing an increase of 28.6% on 2017 levels (7.7 million). There was a decrease in the number and value of pension cases from £136.9 million in 2016/17 to £55.5 million in 2018/19. The decrease can be attributed to:

- Some pension schemes had a backlog of investigations in 2014/15 that came through in 2016/17 (see Table 2);
- Some schemes have a backlog from 2018/19 that has not yet been reported; and
- Fewer large pension schemes elected to participate on a voluntary basis in June 2019.

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Table 2 – Comparison of pension related overpayments 2012/13 to 2018/19

	2012/13		2014/15		2016/17		2018/19	
	Number of cases	**£ m**	**Number of cases**	**£ m**	**Number of cases**	**£ m**	**Number of cases**	**£ m**
	2,990	75.9	3,592	85.1	3,763	136.9	2,876	55.5
Average outcome per case	**£25,385**		**£23,692**		**£36,381**		**£19,289**	

Testimonials:

Armed Forces Pensions

"I have been working on the matches provided by the NFI since the 2002 exercise and have found the NFI mortality screening service really useful in helping to identify numerous cases where we would have otherwise not have known there had been a change. The site is very secure, but easy to navigate and filter necessary information for our pension scheme. I look forward to working with the NFI Team to identify further improvements to the service."

Preeti Sudra, Senior Pensions Administrator Equiniti Group plc (Administrators for Armed Forces Pensions).

NHS Business Services Authority

"The NHS Business Services Authority aims to identify and prevent fraud throughout all aspects of the business. The opportunities provided by the National Fraud Initiative (NFI), through taking part in matching exercises with other organisations, are invaluable in not only identifying fraud, but also by helping to highlight approximately £1.6 million of pension overpayments in 2019, it also prevented any further loss of monies. Alongside the financial value, the simplicity of the process and the support provided by the NFI team cannot be understated when considering the benefits of participating in NFI exercises."

A spokesperson from the NHS Business Services Authority.

[11] Office for National Statistics, **Occupational Pension Schemes Survey, UK: 2018**, June 2019.

Main messages for 2018 to 2020 by data set

Council Tax: £43.9 million

Individuals falsely declaring they live alone or who fail to notify when a second adult moves into the property. Therefore, not qualifying for the Council Tax single person discount they have claimed.

According to the Valuation Office Agency Valuation List as at 9 September 2019 there were 8.3 million dwellings in England that were subject to either a discount or to a premium on their council tax. Of these, 7.8 million dwellings were entitled to a discount as a result of being occupied by single adults. This represents 31.9% of all dwellings[12].

Across the UK, the CIPFA 2019 Fraud and Corruption Tracker[13] concludes that for local authorities, council tax single person discount (SPD) fraud has grown the most out of all fraud risk areas, with an estimated increase of £3.6 million since 2017/18.

The annual NFI match between Council Tax and Electoral Register data to tackle Council Tax single person discount (SPD) abuse has once again provided substantial returns for councils. Outcomes from the 2018/19 and 2019/20 exercises are £43.9 million (37,000 SPDs cancelled) compared to £32.6 million reported for the 2016/17 and 2017/18 exercises (30,343 cancelled). This is an increase of 34.7%.

The majority of outcomes come from matching individuals in receipt of a council tax single person to electoral register data (83.6%). The HMRC information sharing pilot generated £2.8 million additional overpayments from matches that provided information on individuals residing at an address, accounting for 24.6% on the overall increase to council tax outcomes.

There has also been success from the new mandatory data match introduced in 2016/17. All SPD claims are now matched against the wider range of NFI datasets to again obtain more information about the individuals residing at an address.

This resulted in the identification of 1,130 incorrect claims for single person discount and approaching £1 million overpayments which are similar levels to 2016/17.

The optional enhanced Council Tax SPD service introduced in 2016/17, that combines both public and private sector credit reference agency data, has also achieved good results identifying £3.2 million overpayments by the 17 councils that purchased the service. This service is available in addition to the mandatory annual matching and is charged for on a per record basis.

[12] Ministry of Communities and Local Government, **Local Authority Council Tax base England 2019**, 19 February 2020.

[13] CIPFA, **Fraud and Corruption Tracker 2019**, 18 November 2019.

Main messages for 2018 to 2020 by data set

Housing Benefit: £35.0 million

Individuals claiming housing benefits who failed to declare an income or change of circumstances.

In May 2020, the DWP reported Housing Benefit overpayments due to fraud or error of £1.1 billion (an overpayment rate of 6.0%), compared to £1.3 billion (an overpayment rate of 6.3%), in 2018/19. Of the £1.1 billion, £0.6 billion of housing benefit overpayment was recovered[14]. DWP reports the main cause of overpayments on Housing Benefit is incorrect information about earnings and employment.

Housing benefit outcomes are £35 million, compared with the 2016/17 figure of £25 million. These outcomes were recorded by local councils and the DWP. It is assumed that the increase in overpayments of 41% is attributable to improved processes in the referral of matches by councils, and the subsequent investigation by the DWP. Table 3 shows how outcomes have been reported in 2018 and 2020.

Table 3 – Analysis of housing benefit overpayments by source (includes estimates)

	2018		2020	
	2014/15 reported after 31 March 2016 £ million	Reported between 1 April 2016 and 31 March 2018 £ million	2016/17 reported after 31 March 2018 £ million	Reported between 1 April 2018 and 4 April 2020 £ million
Outcomes from local councils	14.0	8.0	3.0	10.0
Outcomes from DWP	-	3.0	8.0	14.0
Total	**14.0**	**11.0**	**11.0**	**24.0**

Housing benefit overpayments identified through matching to student loans continues to generate the most outcomes. Local councils alone identified 1,055 cases with an actual overpayment value of £3.9 million. This represents 45% of the total housing benefit actual overpayments recorded by councils.

We continue to work closely with the DWP to ensure we maximise the benefits of the NFI, while avoiding duplication with the Housing Benefit data matching undertaken by the DWP through the Verify Earning and Pensions Service[15].

In line with the NFI 2018 to 2022 strategic themes this will include exploring access to other state benefit data such as Universal Credit.

[14] DWP, **Fraud and error in the benefit system: 2019 to 2020 estimates (revised 29 May 2020)**, 29 May 2020.

[15] The Verify Earning and Pensions service (VEPS) allows councils to verify earnings and pensions information from claimants using real-time information from Her Majesty's Revenue and Customs.

Main messages for 2018 to 2020 by data set

Housing Benefit: £35.0 million

Individuals claiming housing benefits who failed to declare an income or change of circumstances.

Case study:

Coventry City Council

Coventry City Council identified 35 cases from the NFI matches in the first half of the 2019/20 financial year, resulting in overpayments totalling £154,350.

These included five cases relating to housing benefit claimants who had failed to declare their student loan totalling £38,200;

a housing benefit claimants to personal alcohol license match identified an overpayment of £20,500 due to a non-commercial tenancy[16];

eight HMRC earnings and capital cases where the council tax reduction scheme claimants had failed to declare employment totalling £40,200;

and five HMRC household composition cases where other persons should have been liable for the council tax or household income was not fully declared totalling £40,000.

[16] A private tenancy must be on a commercial basis in order for Housing Benefit to be paid. The relationship between tenant and landlord may cause that tenancy to be considered non-commercial and disqualify Housing Benefit payments.

Main messages for 2018 to 2020 by data set

Blue Badges: £26.9 million

Potential misuse of blue badge parking passes belonging to someone who had died. This may be continued use of the pass by relatives of the deceased, forgery of a pass in the name of a deceased person, use of a stolen badge.

As at 31st March 2019 there were 2.29 million Blue Badges held in England according to the Department for Transport Statistics[17]. There were 1,432 prosecutions for misuse of Blue Badges between 1st April 2018 and 31st March 2019 an increase of 17.9% since 2017/18. The majority of prosecutions (99%) in England were targeted at a non-badge holder using another person's badge.

During this reporting period, the number of blue badges cancelled increased to 46,750 from 31,223 in 2016/17. The estimated value of blue badges cancelled between reporting periods increased from £18 million to £26.9 million an increase of 49.4%. The increase is due to more councils and transport authorities cancelling more badges.

	Number of blue badges cancelled	Number of organisations
2018	31,223	90
2020	46,750	109

[17] Department for Transport, **Blue Badge Statistics, England: 2019**, 4 December 2019.

Main messages for 2018 to 2020 by data set

Blue Badges: £26.9 million

Potential misuse of blue badge parking passes belonging to someone who had died. This may be continued use of the pass by relatives of the deceased, forgery of a pass in the name of a deceased person, use of a stolen badge.

Case study:

Cumbria County Council

The NFI exercise identified 1,100 matches for Cumbria County Council where a blue badge was in circulation but the owner of the badge was identified as deceased. Match Key Rule and the Death Verification Level information provided in the report, was used to assist in prioritising and investigating these matches.

For 311 (28%) of the matches the investigation found that the deaths were already known to the council or that the owner of the blue badge had died after the badge had expired.

For the remaining 789 (72%) validation checks were used to confirm the quality of the data and to verify that an individual's identity and postcode matched the data on the Blue Badge Information System.

For some matches the investigation was extended and the relatives of the owner of the blue badge were contacted by telephone or letter to confirm whether the owner had died. The outcome of investigations found that in all cases the relatives had failed to notify the council about these deaths so the blue badges were cancelled.

The NFI estimated value of cancelling a blue badge is £575 which represents the value of parking charges up to the point of cancellation plus an estimate of future fraud losses prevented. This means that the NFI has helped the council identify and cancel 789 blue badges with an estimated value of £453,675.

Main messages for 2018 to 2020 by data set

Housing Waiting List: £20.1 million

Social housing waiting list applicants who were not entitled to social housing because they had misrepresented their circumstances.

The most recent Ministry of Housing, Communities and Local Government housing statistics[18] show that as at the end of March 2019 there are 1.2 million households on social housing waiting lists in England. Removing applicants who are not eligible will enable councils to allocate social housing to those in genuine need.

Housing waiting lists matching has resulted in 6,092 ineligible applications for social housing having been removed by 94 councils during 2018/19. An increase from the 75 councils in 2016/17.

Applying the Cabinet Office estimate of fraud or loss presented of £3,240[19] per property this equates to £20.1 million for 2018/19 compared to £25.5 million in 2016/17. The higher level in 2016/17 can be attributed to the fact that this was the first time this match had been introduced and some bodies used this as an opportunity to validate their housing waiting list and clear ineligible applicants.

[18] Ministry of Housing, Communities & Local Government, **Table 600: numbers of households on local authorities' housing waiting lists, by district, England, from 1997**, 28 January 2020.

[19] See 'Report calculation methodology – England only 2018 to 2020' on **page 37** for more details about the NFI estimate methodology.

Main messages for 2018 to 2020 by data set

Housing Waiting List: £20.1 million

Social housing waiting list applicants who were not entitled to social housing because they had misrepresented their circumstances.

Sandwell Council

In order to join the Sandwell housing waiting list, applicants must have either lived in Sandwell for five years or be able to demonstrate a local connection through their parents, brother, sister or adult child. Applicants can also join the housing waiting list if there is a proven need to live in Sandwell. Since January 2019, Sandwell Council have been using AppCheck to verify data given by applicants at the registration stage, enabling them to identify fraudulent applications, which in the past would have potentially satisfied the application requirements and have been accepted on the housing waiting list.

Case studies:

Contradictory and False Information

Whilst vetting a number of housing applications, one application that would normally have satisfied processes and would have been registered on the housing waiting list, was identified by AppCheck as containing contradictory information. The applicant had stated that they had been living in Sandwell for the five-year qualifying period. However, AppCheck highlighted that the individual had been living and claiming benefits in Birmingham.

As well as false information being given on the application form, the applicant had also provided a landlord's reference, which gave false information to qualify for housing. An investigation was carried out and further evidence was obtained, which proved that the applicant had only been residing in Sandwell for one year. An interview under caution was conducted where the applicant admitted that they had provided false information to register and obtain housing with Sandwell Council.

Concealed Rent Arrears Uncovered

An applicant had declared that they had not been living in Sandwell and were relying on the local connection of a relative. This would have satisfied the registration criteria. AppCheck identified that the applicant had been linked to an address in Blackpool.

However, the address had not been declared on the application form as an address they had resided at in the past six years. Further checks were made, and it was identified that the applicant had resided at the Blackpool address.

It was also discovered that the applicant had rent arrears outstanding at the address, which were again not disclosed on the application form. It was concluded that the address had been concealed intentionally because of the poor conduct of a previous tenancy to gain social housing unlawfully.

In both of these cases, as false information was provided, the applications were refused, saving the council over £3,000 per application, and the applicants were excluded from making a further submission for 12 months.

Main messages for 2018 to 2020 by data set

Council Tax Reduction: £6.5 million

Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances.

Since 1 April 2013 local authorities in England have been responsible for administering Council Tax Reduction Schemes (CTRS) in their own area (also referred to as Council Tax Support)[20]. Some authorities chose to adopt the default scheme[21]. Under the regulations liability for Council Tax can be reduced by applying a discount:

- Worked out as a percentage of a council tax bill;
- Of a set amount as set out in the local scheme; or
- Equal to the whole amount of the council tax bill – so that the amount payable is nil.

The most recent analysis of Council Tax Reduction Schemes for the 2017/18 financial year, carried out by the New Policy Institute in April 2017[22], found that out of 326 councils:

- 277 had reduced the amount of CTRS available through minimum payments or band caps;
- 12 have made alternative changes such as removing the second adult rebate; and
- 37 local authorities had kept their CTRS the same since 2013.

However, through the next NFI exercise we expect to see an increase in the number and amount of CTRS payments. As part of its response to COVID-19, the government announced in the Budget on 11 March 2020 that it would provide local authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area[23].

The expectation is that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes.

Council Tax Reduction Scheme data was matched for the first time in 2016/17 and achieved £2.8 million. Outcomes from 2018/19 showed that this is a significant risk area with councils able to identify £6.5 million across 2,688 cases.

The average reported saving per case was £1,578 (excluding estimated forward savings) compared to £1,130 in 2016/17.

The HMRC information sharing pilot contributed to the increase in this area resulting in £3.1 million outcomes from Council Tax Reduction to both Earnings and Capital and Household Composition.

[20] HM Government, **The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012**, 27 November 2012.

[21] HM Government, **The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012**, 18th December 2012

[22] NPI, **Key Changes to Council Tax Support in 2017/18**, 5 April 2017.

[23] Ministry for Housing Communities and Local Government, **COVID-19 hardship fund 2020-21 – local authority guidance**, March 2020.

Main messages for 2018 to 2020 by data set

Council Tax Reduction: £6.5 million

Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances.

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Case study:

London Borough of Barnet

The London Borough of Barnet completed a comprehensive review of the NFI reports using the new fraud risk scoring to prioritise resources on matches that scored over 75%. As a result they were able to report overall overpayments of £572,613.

Examples of successful outcomes include: Metropolitan Police Amberhill data identified two Council Tax Reduction scheme customers who appeared to be using false identities. Investigations resulted in both claims being cancelled generating overpayments of £83,989 and £26,364.

Housing Benefit to Student Loans identified five cases of undeclared student loan income with overpayments amounting to £43,193.

HMRC data matched to Council Tax Reduction Scheme helped to establish that a claimant had been living abroad since 2013 generating an overpayment of £13,140. Another match from the same report identified a non-dependant who had not moved out of the property in 2009 when the customer said they had. The overpayment in this case amounted to £28,113.

Main messages for 2018 to 2020 by data set

Housing Tenancy: £5.6 million

Social housing tenants who were subletting or had multiple tenancies unlawfully.

There has reportedly been a steady downward trend in the number of housing and tenancy related frauds detected/prevented during 2018/19, decreasing by roughly 20% from 2017/18. This trend likely indicates successful efforts by local authorities to tackle housing fraud and remove illegally sublet properties from the system. However, housing fraud including succession and false applications continues to be a high risk for councils[24].

Outcomes from the 2018/19 tenancy matches increased by 1.82% compared to 2016/17, which was due to a small increase in the number of properties recovered to 60 from 58 in 2016/17.

Each property recovered can be reallocated to those in genuine need, so the NFI will continue to seek ways to help councils fight social housing fraud, such as repeating the HMRC information sharing pilot (see **page 28** for more details).

Case study:

Royal Borough of Greenwich

The Royal Borough of Greenwich has recovered four social housing properties as a result of matches to HMRC data. In one case it was discovered a current tenant owned five other properties across the country, some of which had been purchased under the Right to Buy scheme.

None of the properties had been declared by the tenant when she subsequently declared herself homeless when applying for social housing. The tenant died prior to being interviewed under caution and left an estate of over £1.5 million with no will.

The council are pursuing financial recovery of the costs that were incurred as a result of having provided emergency/temporary accommodation to another household.

[24] CIPFA, **Fraud and Corruption Tracker 2019**, 18 November 2019, page 10.

Main messages for 2018 to 2020 by data set

Housing Tenancy: £5.6 million

Social housing tenants who were subletting, were not entitled to social housing because of their status in the UK, or had multiple tenancies unlawfully.

Case study:

Housing Tenant to Housing Benefit

A Housing Tenants to Housing Benefit Claimants match identified housing benefit was being paid for the same tenant at two different properties. It was discovered the tenant had been offered temporary accommodation by one council but had identified alternative housing in a neighbouring council area and moved into that property instead. However, the allocation of the first property was inaccurately recorded.

Investigation confirmed that the property had been cancelled as a temporary accommodation option (so rent was not being paid over to the landlord), but it was not cancelled on the housing management system and housing benefit payments continued to be paid into a rent account that was not in use. This created a £25,422.46 overpayment.

This case was closed and monies transferred with no financial loss to the council but also prompted a review of the interface between systems and how it links with the temporary accommodation process.

Main messages for 2018 to 2020 by data set

Concessionary Travel: £3.4 million

Potential misuse of concessionary travel passes belonging to someone who has died.

A statutory bus concession for older and disabled people has been in place since 2001. In 2008, the concession was extended to cover free local bus travel between 0930 and 2300 to older and disabled people anywhere in England. This statutory concession is referred to as the English National Concessionary Travel Scheme. In London, the statutory concession for London residents covers the whole London Local Transport Network.

Some administering authorities may offer a resident discretionary enhancements over and above the statutory scheme, including free travel outside the statutory time period or on other transport modes for example, London residents aged 60 plus who are below the statutory concessionary travel age can obtain a 60 plus Oyster card. This allows free travel on bus, tube, tram, DLR, London Overground, TfL Rail and most National Rail services.

In 2018/19, the Department for Transport reported there were 9.1 million older and disabled concessionary travel passes in circulation and the net spend was £1.1 billion. In total there were 861 million concessionary bus journeys in England in 2018/19[25].

The number of concessionary passes updated, cancelled or hot-listed[26] in 2018/19 as a result of an NFI match was 151,815 a decrease from 234,154 in 2016/17. As a result, the estimated value of fraud losses prevented in the same reporting period decreased from £5.6 million in 2016/17 to £3.4 million in 2018/19.

The decrease in the number of passes updated, cancelled or hot-listed may be linked to a reduction in the number of bodies undertaking additional voluntary matching as this resulted in around 82,000 cancelled passes in the previous reporting period with an estimated value of around £2 million.

The reason for this reduced take-up will be explored to ensure the NFI continues to offer data matching solutions that best meet the needs of voluntary participants.

[25] Department for Transport, **Concessionary Travel Statistics 2018/19**, 17 December 2019.

[26] Hot-listed is a term used where a pass has been deactivated for a specific reason, in this case as the person is believed to be deceased.

Other case studies

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Case study:

Bedford Borough Council

Bedford Borough Council's Investigation Service was alerted to discrepancies in identity documents following a NFI match between the Council's payroll and Metropolitan Police Amberhill false identity data. They established that an employee had used false documents to obtain a post as a night care assistant and for Disclosure & Barring Service (DBS) clearance to work.

Enquiries revealed her true identity and that she had overstayed her visa and had no right to work or reside in the UK. She stated she obtained the false ID documents for as little as £200.

She pleaded guilty to three charges related to using a false identity to gain employment and was sentenced to nine months' imprisonment suspended for 12 months, ordered to complete 80 hours unpaid work and given a 20-day Rehabilitation Activity Requirement (RAR).

Cllr Michael Headley, portfolio holder for finance, said: "It's particularly important that people who are working with children or vulnerable adults are exactly who they say they are."

Matches benefiting other public bodies

The main benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders.

For public bodies that take part in the NFI but may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may benefit significantly.

Data from the 2018/19 NFI exercise benefited wider public bodies, both within and outside England, enabling them to take action on 9,370 cases with actual overpayments of £14.3 million[27].

Most of these outcomes are from cross-body housing benefits, council tax reductions and housing waiting list matches.

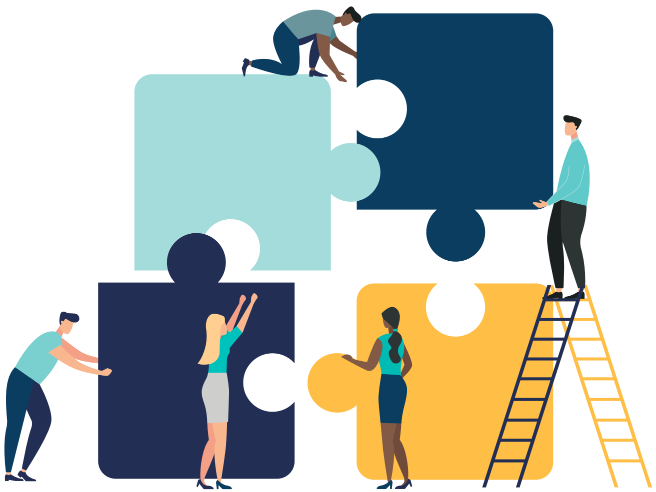
Table 4 – How English bodies benefited from data provided by participants outside England

	Number of cases	Actual outcomes
Local government	5,456	£8m
Central government	3,265	£5.1m
NHS	468	£0.6m
Other	181	£0.6m
Total	**9,370**	**£14.3m**

[27] Actual overpayments exclude estimates of fraud prevented.

Pilots undertaken by the NFI during 2018 to 2020 in England

HMRC information sharing pilot



After a successful initial information sharing pilot with HMRC in spring 2019, just over 2.2 million matches were released to all local councils in August 2019.

Matches were across 7 datasets (council tax reduction scheme; housing benefit claimants; housing tenants; personal budgets; private residential care homes; right to buy; and council tax single persons discount) and targeted three fraud risks:

- Undeclared property ownership
- Non or under declaration of earnings and capital
- Misrepresentation of household composition

Outcomes for the pilot totalled £8.8 million across all three targeted risk areas, specifically:

- Undeclared Earnings and Capital from Household Composition – £5.3 million
- Undeclared Earnings and Capital – £2 million
- Undeclared Property Ownership – £1.4 million

Outcomes for Household Composition matches were most significant at £5.3 million, making up 61% of total outcomes. This was due to the number of matches released and its applicability to both Council Tax single person discount fraud and Council Tax Reduction Scheme fraud which local councils have prioritised and for which, results are often quicker.

As a result of the success of the pilot the NFI will seek to undertake a further pilot as part of the NFI 2020/21, subject to the agreement of HMRC and approval to use the Digital Economy Act.

As part of this pilot we will:

- Exclude Right to Buy and Personal Budgets datasets as they did not deliver benefits in the first pilot;
- Build matches into the main NFI 2020/21 exercise;
- Reduce false positives that were identified in the first pilot; and
- Refine matching rules and risk scoring to allow for better prioritisation of matches by councils.

We anticipate that these changes would allow even greater benefits to be realised by securing better engagement and improving the effectiveness of the resources invested in reviewing these matches.

We anticipate outcomes from a further pilot could range between £16 million and £36 million depending on levels of engagement from local councils in England.

Pilots undertaken by the NFI during 2018 to 2020 in England

Case study:

Tameside Council

Tameside Council identified over £200,000 in potential savings from the 2018/19 NFI reports.

In one particular housing benefit case a non-dependant had failed to declare employment going back to December 2016, this resulted in recovery of £3,277.12 overpaid council tax reduction.

The council also used the output from the NFI HMRC information sharing pilot to identify a significant number of housing benefit and council tax reduction claims with discrepancies, such as inaccurate information provided on application forms and failure to notify a change in circumstances. Proactive follow up investigations stopped further fraud or error.

A spokesperson from Tameside said:

"The Council has found the data to be very useful in supporting the identification of cases where claimants have provided false information and/or failed to notify the Council of changes that affect benefit entitlement. All of which shows the accuracy and benefit of NFI data files."

Water Companies

We have worked closely with the Water Industry to leverage insight from NFI data to address specific risks in this sector. We undertook a pilot which sought to address two risks:

– Non-entitlement to discounted tariffs

– Misrepresentation of void properties

The pilot used NFI data to flag where individuals were potentially not in receipt of benefits which qualified them for a discounted water tariff or where a property that was recorded as void by the water company was in fact occupied. 13% of the records matched in the pilot identified potential fraud or error.

Outcomes totalled £3.1 million in respect of void properties showing to be occupied and £172,000 in respect of non-entitlement to discounted tariffs. Investigations are ongoing and so further outcomes are expected.

In addition to helping utility companies detect more fraud and error cases, the NFI data is also helping them to verify genuine customers.

Following this pilot the NFI team is now rolling out this data matching model to other water companies in the wider utilities sector.

Business Rates

The NFI undertook a pilot to identify fraud and error within business rates whereby businesses evade rates by claiming discounts/reliefs to which they are not entitled.

For the pilot just over 200,000 records from 30 local councils were matched to each other and other external datasets.

The pilot resulted in nearly £316,000 of overpayments particularly in relation to non-entitlement to Small Business Rate Relief where companies were claiming reliefs on multiple properties.

NFI forward look

COVID-19 pandemic

The COVID-19 pandemic has already impacted on the NFI work programme in 2020 and 2021.

Following a consultation we have confirmed that the NFI will be extended to support local councils in identifying potential fraud across several government stimulus packages, in particular where local councils administer payments, for example, Business Support Grants.

Alongside this the NFI is also working with government departments on if/how the NFI can support them.

Expansion of NFI data matching purposes

Throughout 2019/20 we have been working towards passing an important piece of secondary legislation which would allow the NFI to expand the purposes of data matching. The Minister for the Cabinet Office currently has the power to conduct data matching exercises for one purpose: to help in the prevention and detection of fraud.

The Local Audit and Accountability Act 2014 (LAAA), however, provides that four additional purposes for data matching can be added to Schedule 9 (by affirmative regulations) and the Schedule can also be modified. The NFI is hoping to add all four new purposes for data matching exercises, which are to assist in the:

- Prevention and detection of crime (other than fraud)
- Apprehension and prosecution of offenders
- Prevention and detection of errors and inaccuracies
- Recovery of debt owing to public bodies

Analysis has already shown that these new data matching purposes could have far reaching benefits across the public sector.

During 2020/21 we will be looking to implement the purposes, through a parliamentary statutory instrument that will amend the LAAA. Alongside this we will develop a plan of appropriate data matching pilots for each purpose successfully included.

NFI forward look

Strategic Objectives

The extension to cover COVID-19 emergency funding and the expansion of the data matching purposes are both aligned with the NFI strategic objectives.

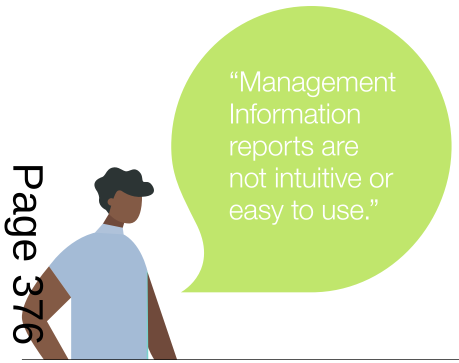
As is other work outlined in this report including pilots, enhancements to the risk scoring and securing HMRC data for NFI 2020/21.

In addition, the NFI team will seek to identify and deliver other work streams that further contribute to the strategic objectives set out in Figure 1.

Figure 1 – NFI Strategy Objectives 2018 – 2022

How the NFI is improving

In the 2018 report, we set out five strategic objectives for the NFI to 2022 (Figure 1). We have made good progress in all areas such as:

You said	Our response in 2018	We did
	“As part of our continuous improvement strategy, we will develop management information tools, upgrade navigation options and improve web app functionality to better suit the user.”	We made significant improvements to the 2018/19 web application including: – Interactive dashboards and widgets allowing users to select the management Information that they want to regularly view – Better signposting to management information – A Global Search option – A Fraud Risk score match view – Hide/Show columns – Improved report design
	“We recognise the challenges around successful user engagement. As part of our strategy, we will identify the right people to ensure NFI becomes a fundamental aspect of every organisation’s counter fraud work”.	We introduced a twice yearly newsletter for NFI participants that includes updates on pilots, case studies, user insight and articles on issues across the UK regions. We ran six user engagement sessions across the UK and exhibited at over 35 events. In addition, two factsheets on COVID-19 counter fraud measures were issued in April and May 2020.

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How the NFI is improving

In the 2018 report, we set out five strategic objectives for the NFI to 2022 (Figure 1). We have made good progress in all areas such as:

You said	Our response in 2018	We did
	"We will tighten matching rules, and risk scoring, improving the accuracy and quality of existing NFI data matching techniques. We will also look to add additional data sources from both the public and private sector."	We introduced risk scoring of 2018/19 matches – a review of the effectiveness of this approach is now underway ahead of the 2020/21 exercise. We will seek to incorporate the main messages into our risk scoring of future matches. An analysis of matches processed in 2018/19 and 2016/17[28] shows: – The number of matches processed in 2018/19 were just under 1.3 million compared to 1.2 million in 2016/17. – In 2018/19, 65,029 (5.1%) of the 1.3 million matches processed were marked error, fraud or referred to DWP compared to 75,621 (6.4%) in 2016/17. There are currently limitations in these statistics as a Closed – Fraud or Error status cannot be attributed to all report level outcomes. We estimate this would add a further 140,000 fraud or error cases to the above figures, increasing the percentage from 5.1% to 14.2%. We intend to review the usability of the outcome status options for 2020/21 and make improvements where needed, in order to improve the completeness of these statistics for future reporting periods. – The number of matches that were already known about by the participant decreased from 13.32% of processed in 2016/17 to 11.52% of processed in 2018/19. – During 2018/19 a new Closed – Not selected for Investigation option was provided for users – 20% of matches were given this status that would previously have been Closed – No issue or left as not processed. This intelligence will help us improve matching techniques to reduce false positives in 2020/21. We brought in regular data feeds from the DWP, Companies House and Credit Reference Agencies. Using the Digital Economy Act 2017 we worked with HMRC on a pilot to incorporate data on household composition, household earnings and property ownership. The pilot helped councils prevent and detect overpayments in the region of £8.8 million up to 27th March 2020.

[28] These figures exclude ReCheck, AppCheck and FraudHub cases.

Comparison of NFI outcomes in England by risk area 2018 to 2020

Dataset	Example activity area	2020 £ million	2018 £ million
Pensions	Individuals obtaining the pension payments of a dead person	55.5	136.9[29]
Council Tax	Individuals who did not qualify for the council tax single person discount because they were living with other countable adults	43.9	32.6
Housing benefits	Individuals claiming housing benefit who failed to declare an income or change of circumstances	35.0	24.9
Blue badges	Potential misuse of blue badge parking passes belonging to someone who has died	26.9	18.0
Housing waiting lists	Social housing waiting list applicants who were not entitled to social housing	20.1	25.5
Council tax reduction scheme	Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances	6.5	2.8
Housing tenancy	Social housing tenants who were subletting or had multiple tenancies unlawfully	5.6	5.5
Private residential care homes	Payments to private care homes by a council for the care of a resident where the resident had died	5.1	4.4

[29] Pension related outcomes in the previous NFI exercise were overstated due to a formula error. The corrected total is shown in this table.

Comparison of NFI outcomes in England by risk area 2018 to 2020

Dataset	Example activity area	2020 £ million	2018 £ million
Trade creditors	Traders who intentionally or unintentionally submitted duplicate invoices for payment	5.1	4.3
Pilots	Various (excludes HMRC information sharing)	3.5	-
Concessionary travel	Potential misuse of concessionary travel passes belonging to someone who has died	3.4	5.6
Personal budgets	Individuals claiming a personal budget who failed to declare an income or change of circumstances or were deceased	2.1	0.5
Right to Buy	Social housing tenants who were not entitled to right to buy because they had multiple tenancies unlawfully	1.8	1.0
Other	Other miscellaneous outcomes not linked specifically to the above categories	0.8	0.3
Payroll	Employees working for one organisation while being on long-term sick leave at another	0.6	4.0
State benefit	Individuals claiming state benefits who failed to declare an income or change of circumstances	-	0.9
Total		**215.8**[30]	**267.4**

[30] Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Comparison of NFI outcomes in England by case 2018 to 2020

Dataset	2020 Number of cases	2018 Number of cases
Pensions		
Pension payments stopped/adjusted	2,876	3,763
Council Tax single person discount		
Council Tax single person discount claims stopped	36,728	30,343
Housing benefit fraud, error and overpayments relating to:		
– Local government employees	754	798
– Central government pensioners	1,281	353
– Individuals receiving a local government pension	1,852	298
– Students	1,055	1,361
– NHS employees	282	313
– Other	679	743
Social housing/Right to Buy		
– Properties recovered	60	58
– Right to Buy wrongly awarded	17	4
– Applicants removed from a housing waiting list	6,092	7,601
Transport		
– Blue badges cancelled	46,750	31,223
– Concessionary travel passes cancelled	151,815	234,154
Social care		
– Residents in private care homes	292	275
– Personal Budgets	92	163
– Other social care	50,027	-
Payroll		
Total employees dismissed or resigned	21	53
Creditor payments		
Duplicate creditor payments	1,062	884
Council tax reduction scheme	2,688	1,613
Total	**304,423**	**314,061**

Report calculation methodology 2020 – England only

Data match	Detected Fraud £ million	Estimated Fraud £ million	Total £ million	Basis of calculation of estimated outcomes
Pensions	7.3	48.2	55.5	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Council Tax	17.2	26.7	43.9	Annual value of council tax single person discount multiplied by two years.
Housing benefits	26.3	8.7	35.0	Weekly benefit reduction multiplied by 21 weeks.
Blue badges	-	26.9	26.9	£575 per blue badge cancelled to reflect the estimated annual cost of blue badge fraud, the likelihood that badges are misused and the duration that fraudulent misuse will continue.
Housing waiting list	-	20.1	20.1	£3,240 per applicant removed from the waiting list, based on the annual cost of temporary accommodation, the likelihood that individuals on the waiting list would be provided a council property, and the duration for which fraud or error may continue undetected.
Council Tax reduction scheme	4.2	2.3	6.5	Weekly change in council tax discount multiplied by 21 weeks.
Housing tenancy	-	5.6	5.6	£93,000 per property recovered based on average four year fraudulent tenancy and an estimate of the duration that the fraud may have continued undetected. This includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.
Private Residential care homes	2.7	2.4	5.1	£7,000 per case based on average weekly cost of residential care multiplied by 13 weeks.
Trade creditors	5.1	-	5.1	Not applicable.

Report calculation methodology 2020 – England only

Data match	Detected Fraud £ million	Estimated Fraud £ million	Total £ million	Basis of calculation of estimated outcomes
Pilots (excluding HMRC)	0.2	3.4	3.5	Water utility companies: In cases where a resident is found to be living at an address yet the property has been declared as void, the annual water charge will be used. In cases where a resident has incorrectly claimed a discounted tariff, the average amount of annual discount across the three most popular discounted tariffs will be used.
Concessionary travel	-	3.4	3.4	Number of passes cancelled multiplied by £24, based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme and the duration of fraudulent pass misuse.
Personal budgets	0.8	1.3	2.1	Monthly reduction in personal budget payment multiplied by 3 months (the average duration that personal budget payments continue following the death of the recipient).
Right to Buy	-	1.8	1.8	£65,000 per application withdrawn based on average house prices and the minimum right to buy discount available. A regional variation applies in London of £104,000 per application withdrawn, to reflect the maximum value of Right to Buy discount available.
Other	0.8	-	0.8	
Payroll	0.5	0.1	0.6	£5,000 per case where the employee is dismissed or resigns.
Total	**65.1**	**150.7**[31]	**215.8**	

[31] Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Contact us

We are always on the lookout for participants to help with ongoing improvements to the NFI.
If you would like to get involved, please contact us at **nfiqueries@cabinetoffice.gov.uk**

For more information about the NFI please visit our website:

https://www.gov.uk/government/collections/national-fraud-initiative

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Report to:	**AUDIT PANEL**
Date:	24 November 2020
Reporting Officer:	Kathy Roe – Director of Finance Martin Nixon – Risk, Insurance and Information Governance Manager
Subject:	**CORPORATE RISK REGISTER REVIEW**
Report Summary:	To present to the Corporate Risk Register detailed at **Appendix 1** for comment and approval.
Recommendations:	Members consider and approve the Corporate Risk Register at **(Appendix 1)** and note the development work detailed in Section 4 of the report.
Corporate Plan:	Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents
Policy Implications:	Effective risk management 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 & Chief Finance Officer)**	Effective risk management assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum.
Legal Implications: **(Authorised by the Borough Solicitor)**	The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (amended 2016): '*A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk'*. Regularly reviewing the Council's arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility. Risk management can relate to legal aspects of the council's business, however, the content of this report does not have any specific legal implications. Legal risks to the organisation are incorporated in the Service plans risk registers. This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.
Risk Management:	Failure to manage risks will impact on service delivery, the achievement of objectives and the Council's Medium Term Financial Plan.

Background Information: The background papers relating to this report can be inspected by contacting Martin Nixon, Risk, Insurance and Information Governance Manager

Telephone: 0161 342 3883

e-mail: martin.nixon@tameside.gov.uk

1. INTRODUCTION

1.1 The report presents the revised and updated Corporate Risk Register for the Council for comment, challenge and approval.

2. WHAT IS RISK MANAGEMENT?

2.1 Risk Management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling them or responding to them. It is a means of maximising opportunities and minimising the costs and disruption to the organisation caused by undesired events.

2.2 Corporate Risks are potential barriers to the council achieving its priorities and have the potential to disrupt large parts of our service.

3. CORPORATE RISK REGISTER

3.1 The Corporate Risk Register is attached at **Appendix 1**. It details the risk scores evaluated both in May 2020 and October 2020. All changes are highlighted in blue.

3.2 Risk owners (or responsible Assistant Directors / SUM's) have assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they have responsibility for. Review comments have been added to the risk register under Appendix 1 alongside each risk.

3.3 The Council's risk profile is still adversely affected by the Covid-19 pandemic, but the review has caused a downward shift in scores – as reflected in the comparisons between the May and October 2020 heat maps below.

3.4 The Council has had the time to adjust working practices in many areas to accommodate the additional hazards caused by factors such as social distancing, home working and economic impacts. The high risk scores in some areas have been selected due to uncertainty which exists - over future developments in the coronavirus and the levels of central government funding to be provided in 2021/22. The previous risk 'Failure to meet objectives of the Corporate Plan due to the Covid-19 pandemic' has been removed, with the assessment shifting to analysis of individual Corporate Risks attaching to the various plan objectives. This analysis shows that there are currently a total of 10 Red risks across the register. Although this is a reduction from the 19 Red risks reported in May 2020, this still demonstrates the disruption caused by the pandemic when compared to the pre-Covid level of 4 Red in October 2019.

3.5 October reviews have resulted in the following changes to specific risks -

a. The risk description for Risk 9 has been re-written to identify the impacts of the Covid-19 pandemic as being the most significant threat to Population Health objectives.
b. A new risk has been added (Risk 24) to identify the continuing maintenance of robust ICT security measures as a separate area of risk to the information governance standards covered under Risk 12.

3.6 The corporate risks are summarised in the risk heat maps below:-

Heat Map 1 – May 2020 (23 Risks)

Likelihood		Impact level: Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Major Disaster (5)
Almost Certain	(5)				2	3
Very likely	(4)			3	10	3
Likely	(3)					1
Unlikely	(2)					1
Very Low	(1)					

Heat Map 2 – October 2020 (23 Risks)

Likelihood		Impact level: Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Major Disaster (5)
Almost Certain	(5)					2
Very likely	(4)		1	6	6	
Likely	(3)				3	2
Unlikely	(2)				1	1
Very Low	(1)				1	

4. RISK MANAGEMENT REVIEW

4.1 The Risk, Insurance and Information Governance Manager has met with the CCG Executive Support Manager to begin work on alignment of the risk management systems, format of the risk register, and definitions for Impact and Likelihood so that they work for both the Council and the Tameside and Glossop CCG.

4.2 There is a plan to develop 'operational' risk registers for Council Service teams in Quarters 3 and 4 of 2020/21. The intention is to reduce the size of the existing Corporate Risk Register to allow the single leadership team to focus their risk management responsibilities on the over-arching risks to the Council. Risks not retained on the Corporate Register will transfer to the appropriate Service operational register and will be reported by exception to the Single Leadership Team. The Risk, Insurance and Information Governance Team will provide guidance to Service teams on the process to identify and record suitable risks in each Council team.

5. RECOMMENDATIONS

5.1 As set out on the front of the report.

Corporate Risk Register - October 2020 Update **Appendix 1**

Corporate Plan Theme	Risk No.	Risk Description	Impact Score	Likelihood score	Risk Rating (Impact/ Likelihood) May 2020	Impact Score	Likelihood Score	Risk Rating October 20	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	October 2020 Review Comments
Starting Well Living Well Ageing Well Great Place Inclusive Growth	2	The Council is unable to deliver the Medium Term Financial Plan - Failure to deliver services within reduced budgets and provide for future financial stability, including the maintenance of the Council's resource base and council tax collection and dealing with the current cost pressures and demand levels in Children's Services.	5	5	25	5	5	25	→	Kathy Roe	Tom Wilkinson	Robust monthly budget monitoring continues throughout the financial year. Financial pressures continue to be highest under Children's Social Care due to changes in the type and mix of placements. In addition a number of the 2019/20 and 2020/21 identified savings across the Council have not been achieved or have been delayed. Special Budget SLT and Board meetings were held in October to consider 2021/22 to 2025/26 Directorate budget proposals, from which a number of strategic savings priorities have been identified and project delivery panels have been established. There remains a sizeable gap to close, which has been compounded by the pandemic, delayed/non delivery of savings and an uncertain funding outlook.
Corporate Support and Enabling Services	3	Not implementing the latest products or best practice in information technology to ensure that the organisation remains effective and efficient, enabling it to deliver its services.	4	4	16	2	4	8	↓	Kathy Roe	Tim Rainey	The level of risk has reduced due to improvements such as the distribution of new laptops and conversion to Windows 10 for Council users.
Ageing Well	4	Failure to manage the local home care market and care home capacity available to deliver appropriate and timely care packages and appropriate placements for people requiring long term care.	4	4	16	4	4	16	→	Stephanie Butterworth	Sandra Whitehead	The local care home market is experiencing costs associated with the Covid-19 pandemic Also statistics confirm care homes are operating at only 82% capacity (where it is known that 89% capacity required for the service providers to cover their costs). Adult Services are monitoring the situation and advanced contract payments have been made to assist where required. Uncertainty exists because the scheme of support for care homes from central government via the CCGs ends in November and there is no clarity about whether there is any level of support for care homes in the forthcoming months.
Great Place Inclusive Growth	5	The property portfolio rationalisation necessary for the delivery of appropriate council wide services is not delivered and consequently savings and capital receipts required to fund the current and future investment programme are not achieved.	4	5	20	3	4	12	↓	Jayne Traverse	Paul Smith	Progress with the plan has been made since May . The integrated asset management plan is now in place, however, the strategic asset team are yet to be recruited. Also the requirement for the existing team to prioritise Covid-secure transformation and implementation of test and trace systems at buildings has reduced capacity.
Starting Well	6	Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision.	5	4	20	5	3	15	↓	Richard Hancock	Tracy Morris	Tameside's Safeguarding Children's Board and agreed procedures and guidance in place. Children's have adapted to pandemic conditions by introducing mitigation actions to ensure the Service is maintaining care for vulnerable children. The risk score remains at an increased level due to the expectation that issues not identified during lockdown will require attention during recovery.
Starting Well	7	Failure to ensure effective services (ILACS, LAR, YJS etc.) which are highly regarded by regulators and that robust improvement plans are in place NB. likelihood of 4 is driven by SEND	4	4	16	4	4	16	→	Richard Hancock	Tracy Morris	Although significant progress has been made to address the necessary improvements, the SEND service is considered fragile. Additional funding has been provided to respond to increases in demand, and a High Needs Review is been carried out and recovery plans are being submitted to the DfE.
Corporate Support and Enabling Services	8	Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation.	5	4	20	4	3	12	↓	Ian Saxon	Sharon Smith	The pandemic has brought increased safety risks to the organisation but, through a process of risk assessment, control measures have been introduced to reduce that risk. Buildings which are open have been made Covid-secure, homeworkers have been provided with suitable equipment and training, PPE is provided where there is a virus risk, and schools have been supported in completion of risk assessments.
Living Well	9	Coronavirus has a profound negative impact on health and wellbeing objectives, immediately through direct COVID illness and death; to non-COVID healthcare being displaced or delayed; to short and long-term impact on socio-economic determinants of health and wellbeing.			**New risk wording**	5	5	25	→	Jeanelle de Gruchy	Debbie Watson	Risk description updated to identify the key risk to achievement of the health and wellbeing objectives of the Population Health Directorate.
Ageing Well	10	Vulnerable adults are put at risk due to poor systems/processes and reduced service provision, impacting on the balance of safeguarding vulnerable people against promoting independence through the allocation of Direct Payments and developing new ways of working to promote independence and resilience.	5	4	20	3	4	12	↓	Stephanie Butterworth	Sandra Whitehead	Adults have adjusted working practices to fit social-distancing restrictions and put in place mitigations to ensure safeguarding protection to vulnerable adults. Protocols, records, systems of inspection and risk assessments continue to be utilised to control safeguarding risks.
Living Well	11	Increased demand for services due to demographic changes - Tameside is unable to meet the needs of its ageing population and young people with increasingly complex needs transitioning into Adult Services requiring significant savings to be made, or reductions in levels of dependency, to manage rising levels of demand and cost.	4	4	16	4	4	16	→	Stephanie Butterworth	Sandra Whitehead	The Covid-19 economic downturn is anticipated to cause increases in issues such as drug and alcohol abuse, mental health problems and poverty. Many of the consequences will not be realised until future years. The service to vulnerable adults is also subject to uncertainty surrounding 2021 funding. Ongoing work on a prevention strategy will reduce dependency on services.

Corporate Plan Theme	Risk No.	Risk Description	Impact Score	Likelihood score	Risk Rating (Impact/ Likelihood) May 2020	Impact Score	Likelihood Score	Risk Rating October 20	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	October 2020 Review Comments
Corporate Support and Enabling Services	12	The inconsistent application of information standards and controls could result in a significant, unauthorised disclosure of personal and/or special category data.	4	4	16	4	4	16	→	Sandra Stewart / Kathy Roe	Wendy Poole	The transition of a high proportion of Tameside MBC staff to homeworking during the pandemic is perceived to have increased the risk level due to increased handling of data off-site. A further Homeworking policy is to be issued by February 2021 to provide guidance on safety, IT and information governance best practice.
Corporate Support and Enabling Services	13	Ineffective procurement and contract monitoring - Procurement does not deliver value for money and is not conducted in line with best practice, PSOs and European legislation. The strategic focus on commissioning is less effective due to a lack of skills and capacity to drive the change in culture.	4	4	16	4	3	12	↓	Kathy Roe	Tom Wilkinson	Risk score reduced because anticipated problems in procuring PPE for infection control purposes now eased. STAR procurement are more embedded within the organisation and have appropriate contract register, monthly spend data and reporting processes in place. A new contract management tool is being implemented which will add to existing mitigations for this risk.
Great Place Inclusive Growth	14	Tameside is unable to exploit growth opportunities and this has a detriment to residents, local businesses and the borough's future prosperity.	4	5	20	3	4	12	↓	Jayne Traverse	David Berry Nigel Gilmore Mathew Chetwynd	TMBC's pre-Covid development and inward investment objectives remain unchanged, the pandemic will have an impact on the sequence of progress towards these objectives. The future development of the pandemic will have a large impact on the economy and therefore causes uncertainty over growth opportunities. Tameside could benefit from a possible Covid-19 downturn in the commercial attraction of Manchester city centre. Opportunities include benefiting from any regional levelling up funding as part of a post Covid stimulus package.
Starting Well Living Well Ageing Well Great Place Inclusive Growth	15	Implementation of a Strategic Commissioning Function across the Council and the CCG may increase the operational and financial risks of the Council whilst the priorities agreed are implemented to improve outcomes for our public whilst creating a more sustainable future for the organisation.	4	4	16	4	4	16	→	Steven Pleasant	Single Leadership Team	The Covid crisis has demonstrated the robustness of the relationship. Whilst in the short term risks have been mitigated through central government funding and command and control within the NHS, the longer term picture will be affected by potential future NHS reorganisation at the GM level.
Great Place Inclusive Growth	16	Vision Tameside is not completed on time and in budget and associated leases and service agreements are not finalised in a timely manner.	5	3	15	5	3	15	→	Jayne Traverse	Paul Smith	The lease with Tameside College, the DWP and Citizen's Advice Bureau still needs to be signed and sealed.
Great Place Inclusive Growth	17	Failure to provide an appropriate Civil Contingencies response to an incident or emergency affecting the community or the Council, including the risks relating to extreme weather conditions due to climate change **or in**	5	2	10	5	2	10	→	Ian Saxon Kathy Roe	Emma Varnam Mike Gurney Wendy Poole	Emergency Plan, Director on Call and Forward Incident Officers are in place.
Great Place Inclusive Growth	18	The Council fails to benefit from the opportunities generated from the increased central government devolution to the Greater Manchester Region.	3	4	12	3	4	12	→	Single Leadership Team	Senior Management Group	It is expected that there will be a variety of opportunities around the leveling up agenda, which has been affected by the Covid response in the short term. Plans around the GMSF, town centre master planning and housing strategies mean that the council will be in a better position to respond to any opportunities when and as they arise,
Starting Well	19	Failure to ensure there are sufficient high quality school places (including specialist places and early years provision) and that children all have fair access to our schools.	4	4	16	4	4	16	→	Richard Hancock	Tim Bowman	School place planning is considered a high priority Children's risk due to analysis of pupil numbers going forward. Delays to the capital development programme are being closely monitored by senior management in Children's and Growth.
Corporate Support and Enabling Services	20	Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities.	4	4	16	4	1	4	↓	Sandra Stewart	Tom Harrington Paddy Dowdall	Although the economic effect of the pandemic will cause a short term reduction in income for property assets, long term returns are not anticipated to be affected by the pandemic. Monitoring of the performance of markets and the fund takes place on a regular basis.
Great Place Inclusive Growth	21	The lack of an up to date strategic planning framework and associated local policies to manage development in Tameside.	4	4	16	4	2	8	↓	Jayne Traverse	Jayne Traverse	The governance process to approve the GM version of the framework is underway – approval from the 10 GM authorities is expected by end of October 2020. Progress considered acceptable and anticipated that framework will be completed as per plan.
Corporate Support and Enabling Services	22	Failure to prevent or detect acts of significant fraud or corruption with consequent financial or reputational damage to the Council.	3	4	12	3	4	12	→	Kathy Roe	Tom Wilkinson Wendy Poole	Additional grants are available to support residents during the pandemic which unfortunately causes an increased incidence of fraud referrals. There are robust systems in place for the processing of grant payments and suspected fraud is investigated.
Living Well	23	In-effective community cohesion. The community cohesion activities undertaken do not have the required results, of raising awareness, integration and acceptance within the community.	3	4	12	3	4	12	→	Ian Saxon	Emma Varnam	Significant progress has been made in reaching Tameside communities. The Council have been running an Independent Advisory Group every Thursday which includes a Covid update, the Community Safety team have arranged Zoom meetings and has an open invitation to places of worship to reinforce the Covid message, Recent focus also on mobile testing centres.
Corporate Support and Enabling Services	24	ICT technical vulnerabilities lead to cyber attacks/exploitation of ICT infrastructure or behavioural vulnerabilities lead to misuse of ICT equipment and the potential loss or destruction of data'.			New Risk	5	3	15	→	Kathy Roe	Tim Rainey	The recent cyber attack to Hackney Council highlights the possible threat to Tameside. Council cyber security and resilient hardware and software has been updated. A second resilient data link to the Links to the off-site Data Centre ensure that systems hosted there will remain accessible.

Report To:	**AUDIT PANEL**
Date:	24 November 2020
Reporting Officer:	Kathy Roe – Director of Finance Tom Wilkinson – Assistant Director of Finance
Subject:	**AUDIT PANEL FORWARD PLAN AND TRAINING**
Report Summary:	The report sets out the updated forward plan and training programme for the Audit Panel for 2020/21 and 2021/22.
Recommendations:	Members are asked to: 1) Approve the updated work programme, including training, as set out in **Appendix 2**; and 2) Note the core functions outlined in Section 2 of the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018 and consider whether any further training would be beneficial for the Audit Panel.
Corporate Plan:	The functions of the Audit Panel support the operations of the Council, which deliver the objectives of the Corporate Plan.
Policy Implications:	An effective Audit Committee 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 & Chief Finance Officer)**	An effective Audit Committee supports corporate governance, internal control, risk management and arrangements to ensure value for money.
Legal Implications: **(Authorised by the Borough Solicitor)**	There are no immediate legal implications arising from this report. Members will be well aware of this committee's role in supporting effective management, auditing and control in the council as set out in the main body of the report. This role is all the more critical given the financial challenges and the impact of Covid.
Risk Management:	The Audit Committee supports effective risk management and internal control arrangements across the Council.
Background Papers:	The background papers relating to this report can be inspected by contacting Wendy Poole. Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. BACKGROUND

1.1 The Audit Panel is the Committee of Tameside Council that undertakes the role of the Audit Committee. The terms of reference for the Audit Panel are listed in **Appendix 1**. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

1.2 The Audit Panel is a key component of the Council's governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management.

2. ROLE OF THE AUDIT COMMITTEE

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on the role of the Audit Committee in Local Authorities sets out the core functions of the Audit Committee, as follows:

- To be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives;
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and professionalism
  - support the effectiveness of the internal audit process
  - promote the effective use of internal audit within the assurance framework;
- Consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations;
- Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption;
- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control;
- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process; and
- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

3. FORWARD PLAN

3.1 To assist the Audit Panel with delivering its terms of reference, officers have prepared the updated work plan for 2020/21 and 2021/22. The work plan outlined in **Appendix 2** sets out the areas that should be considered by the Audit Panel and identifies proposed training for the coming year if agreed. Members of the panel are asked to consider whether any additional items or training is required, with reference to the core functions listed above and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018.

4. RECOMMENDATIONS

4.1 As set out on the front of the report.

Audit Panel Terms of Reference (Approved by Full Council May 2019) APPENDIX 1

Role
To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

To undertake the functions of an Audit Committee in accordance with the CIPFA Statement on Audit Committees in Local Authorities.

The Panel shall comprise a membership of 8 Members and is subject to the rules of political balance. The Panel shall be chaired by the Chair of the Overview Panel.

Terms of Reference

1. To overview the arrangements for internal control (both financial and nonfinancial).
2. Consider the Annual Audit Letter from our External Auditors.
3. Approve (but not direct) both external and internal audit's strategy, annual plans and monitor performance.
4. Review summary internal audit reports and the main issues arising and seek assurance that management action has been taken where necessary.
5. Receive the annual report and Head of Internal Audit opinion on the Council's corporate governance, risk management and internal control arrangements.
6. Consider the reports of other regulators and inspectors.
7. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
8. Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
9. To review existing and proposed arrangements, recommend changes and receive assurance that the systems of corporate governance are operating effectively and in accordance with best practice.
10. Review and approval of the annual Statement of Accounts, including the Annual Governance Statement and related matters. Approval of accounting policies and consideration of whether there are any concerns arising from the financial statements or external audit that need to be brought to the attention of the Council.
11. Receive and consider the external auditor's report and opinion on the financial statements.
12. Monitor action taken in response to any matters raised in the external auditor's report.
13. Monitor action taken in response to any matters raised in the Annual Governance Statement.

PROPOSED WORKPLAN AND TRAINING FOR AUDIT PANEL APPENDIX 2

March 2021	June 2021	July 2021	November 2021
Financial Reporting and Accounts			
Accounting Policies and Critical Judgements	Draft Statement of Accounts	Audited Statement of Accounts (Approval)	
Monitoring Reports	Capital and Revenue Outturn Report	Monitoring Reports	Monitoring Reports
Treasury Strategy	Treasury Annual Report		Treasury Mid-Year Review
Internal Audit			
Internal Audit Progress Report Internal Audit Plan		Internal Audit Progress Report	Internal Audit Progress Report
	Internal Audit Annual Report and Head of Internal Audit Opinion		National Fraud Initiative (NFI) Summary Report
	Annual Review of Effectiveness of Internal Audit		
	NAFN Data and Intelligence Services Annual Report		
CIPFA Fraud and Corruption Tracker – Tameside Report			
External Audit			
Progress Report and Technical Update	Progress Report and Technical Update	Progress Report and Technical Update	Progress Report and Technical Update
Audit Plan	Fee Letter	Annual Audit Letter Audit Findings Report (ISA260)	

March 2021	June 2021	July 2021	November 2021
Risk Management			
Corporate Risk Register Update	Corporate Risk Register Update		Corporate Risk Register Update
Risk Management Policy and Strategy			
Information Governance Update Report	Information Governance Update Report	Information Governance Update Report	Information Governance Update Report
Internal Control and Governance Environment			
Procurement Update	Code of Corporate Governance		Procurement Update
	Review against the Code of Corporate Governance		
Annual Governance Statement Improvement Plan Update	Draft Annual Governance Statement	Approve Annual Governance Statement	Annual Governance Statement Improvement Plan Update
Other			
Terms of Reference			
Private Meeting with Internal and External Audit if Requested	Private Meeting with Internal and External Audit if Requested	Informal meeting with CCG Audit Committee	Private Meeting with Internal and External Audit if Requested
Training – To Be Determined	Training – To Be Determined	Training – To Be Determined	Training – To Be Determined
Work Programme and Forward Plan	Work Programme and Forward Plan	Work Programme and Forward Plan	Work Programme and Forward Plan

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Report to:	**AUDIT PANEL**
Date:	24 November 2020
Executive Member:	Cllr Ryan – Executive Member (Finance and Economic Growth)
Reporting Officer:	Tom Wilkinson, Assistant Director of Finance Nichola Cooke, Assistant Director, STAR Procurement
Subject:	**PROCUREMENT UPDATE**
Report Summary:	Tameside Council have now been part of STAR Procurement for just over 2 years, having joined in September 2018. STAR Procurement is a shared service operating across Stockport, Rochdale, Tameside and Trafford Councils, and more recently Trafford CCG and Tameside CCG. STAR Procurement is hosted by Trafford Council. Governance is through STAR Joint Committee. This report provides an update on what has been achieved over the last twelve months both for STAR Procurement as a whole and Tameside Council. It covers how we have responded to COVID-19 and how we have continued to improve our service.
Recommendations:	Note the contents of this report and presentation
Corporate Plan:	Effective procurement underpins all aspects of the corporate plan in enabling the cost effective and efficient procurement of goods and services. The Council's social value policy supports local businesses and inclusive growth elements of the corporate plan directly.
Policy Implications:	The Council has a social value policy which is embedded in the procurement approach delivered by STAR.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The effective procurement of goods and services is a key part of the Council being able to demonstrate value for money. Across STAR partners over £7m of procurement savings were released in 2019/20 with a target of £6m for 2020/21 from which Tameside will benefit.
Legal Implications: (Authorised by the Borough Solicitor)	Procurement legal support is provided via Trafford Council's dedicated STAR legal team, through an agreed SLA arrangement. Given the current financial challenges facing local authorities it is advisable to continue to build on the work to date to develop a robust commissioning, procurement and contract management process in order to drive continued improvements in services and value for money. It will be important going forward to understand the specific reduction in costs achieved for the cost of the STAR Procurement involvement and to understand the value added. It is not claear from the presentation what has been achieved across all parties and what is specific to Tameside.
Risk Management:	Tameside Audit is part of the STAR Audit Group who meet Quarterly to agree an Audit Plan for STAR Procurement, and to

	share outcomes and actions. STAR maintains a Risk Register which is reported regularly to STAR Board and STAR Joint Committee. Effective and compliant procurement reduces the risk of legal challenge from unsuccessful suppliers as well as ensuring value for money is delivered when purchasing and commissioning supplies and services.
Access to Information:	www.star-procurement.gov.uk https://democratic.trafford.gov.uk/mgCommitteeDetails.aspx?ID=340
Background Information:	The background papers relating to this report can be inspected by contacting Tom Wilkinson, Assistant Director of Finance Telephone: 0161 342 5584 e-mail: tom.wilinson@tameside.gov.uk

1. INTRODUCTION

1.1 Tameside Council have now been part of STAR Procurement for just over 2 years, having joined in September 2018. STAR Procurement is a shared service operating across Stockport, Rochdale, Tameside and Trafford Councils, and more recently Trafford CCG and Tameside CCG. STAR Procurement is hosted by Trafford Council. Governance is through STAR Joint Committee.

1.2 This report provides an update on what has been achieved over the last twelve months both for STAR Procurement as a while and Tameside Council. It covers how we have responded to COVID-19 and how we have continued to improve our service.

2. 2019/20 POSITION

2.1 2019/20 was another successful year for STAR Procurement and its partners. Key achievements include:

- Over £7m in-year savings
- 25% Social Value return on contract value, equating to over £31m
- 126 trainees and apprentices secured
- 363 employment opportunities
- 57% of all winning bidders from Greater Manchester
- 37 training events and workshops held
- Won highly commended in Leadership at National Social Value Awards
- Secured 12 SLA's/commissions

3. 2020/21 POSITION TO DATE

3.1 2020/21 has been a challenging year as we supported the COVID-19 response and continued with our Business as usual activities.

3.2 Our COVID response included:

- Communications plan to Partners, key stakeholders, and businesses
- Support implementation of Supplier Relief
- Task and Finish Group to support the procurement of PPE
- Proactive procurement planning to take account of Partners and business capacity and resources
- Prioritised vendor approvals to ensure prompt payment of suppliers
- Established new flexible procurement approaches to allow procurement to continue in a volatile and complex marketplace
- Re-mobilisation framework established

3.3 Our Business as usual activities include:

- Implementation of Tableau for performance management and spend analysis
- New spend analysis process
- New website under development and implementation of on-line forms
- Virtual Meet the Buyer (MTB) event held
- New Business Plan developed, ready to be launched in January 2021
- Promoted our achievements on Social Value at a national and international level

3.4 Our performance to date includes:

- £1.6m savings
- Over £100k income secured through 6 commissions

- Over 600 bookings for the MTB event
- Improvements in local spend and compliance
- 25% social value return on contract value

3.5 We have also set in place a 10 point plans to support our local businesses and SME's during the COVID crisis: https://www.star-procurement.gov.uk/Suppliers/Local-business-support-during-and-beyond-Covid-19.aspx

3.6 Given the current financial position of our Partners, savings remain a high priority for STAR Procurement. Our Business Plan states, "*There is no one way to deliver savings or reduce costs; we will deploy a wide range of approaches to ensure we get the maximum possible results for our Partners. Savings will be delivered through a robust category management approach and working collaboratively across all of our partners, driving economies of scale and increasing efficiencies".* We have therefore developed a Savings Strategy to ensure that we continue to proactively identify and secure savings now and in the future.

4. CONCLUSION

4.1 STAR Procurement had another successful year in 2019/20.

4.2 In 2020/21 STAR Procurement has so far focused on supporting our Partners respond to COVID-19, as well as continuing to improve our service offer. We have developed and implemented strategies that are helping to support our local businesses and SME's and a new savings strategies to proactively identify and secure savings.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

STAR PROCUREMENT

Nichola Cooke
Asst. Director (Development)

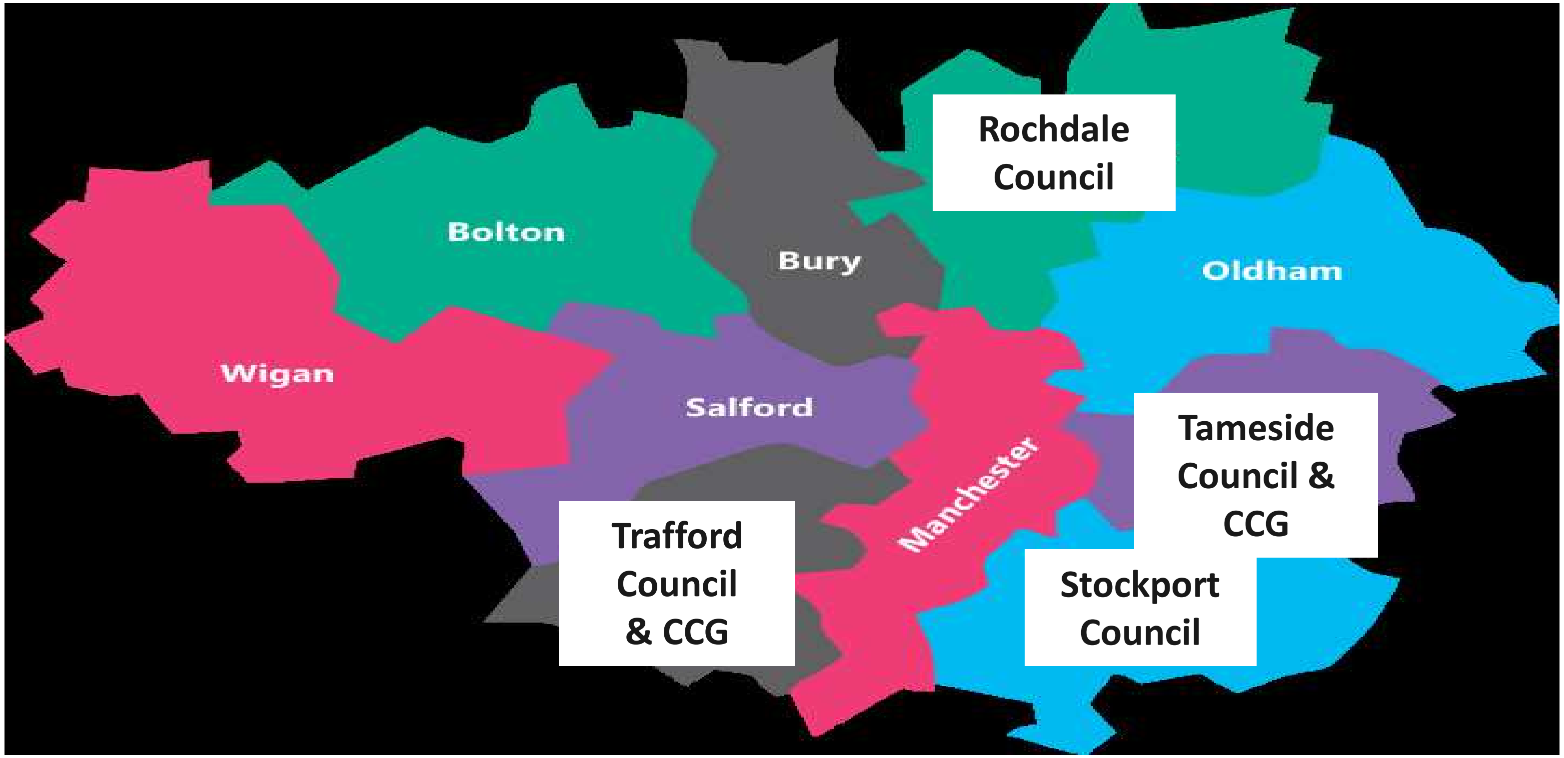
Elizabeth McKenna
Asst. Director (Delivery)

STAR PROCUREMENT

Agenda

- Introduction & STAR Overview
- Achievements for 19/20
- Our work this year including COVID response
- 10 point plan to support local businesses and SME's
- Savings work

Who are STAR Procurement?



* Leads 65%+ of GM/AGMA Collaborative Procurement	* Regional Commissions (GMCA/HSCP)	* National Commissions (Procurement and Shared Services)	*Shared Service and Collaboration Accreditation Reviewers

Leading transformation through procurement and co-operation

STAR PROCUREMENT

Our Achievements 2019/20

£7m+ of in-year savings

25% return secured on total contract value awarded

That's £31m to be delivered back to local communities through Social Value

360+ contracts awarded

20% Average Social Value Weighting Acheived

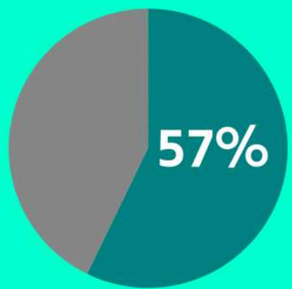
2020 National Social Value Awards
Time To Act

HIGHLY COMMENDED

Work across 6 Partners

- Stockport Metropolitan Borough Council
- Tameside Metropolitan Borough
- Trafford Council
- Rochdale Borough Council
- NHS Tameside and Glossop Clinical Commissioning Group
- NHS Trafford Clinical Commissioning Group

Employer of Choice through our 'Grow Your Own' Policy and training opportunities



Of all winning bidders are GM businesses

Implemented our new data management tool

Secured 12 SLAs / Commissions

Leading transformation through procurement and co-operation

2020/21 Our Main Activity

STAR PROCUREMENT

COVID Response

- Communications Plan
- Supplier relief support
- PPE T&F Group
- Proactive procurement planning
- Vendor approvals
- Flexible approaches
- Re-mobilisation framework

Business as Usual

- Tableau implemented
- New spend process
- Web-based forms
- New website
- Virtual MTB event
- Business Planning
- Social Value promotion

Performance

- £110k income through 6 commissions
- £1.6m Savings
- Over 600 bookings for the MTB event
- Local Spend increasing
- 25% Social Value return on contract value
- Improved compliance position

Leading transformation through procurement and co-operation

STAR PROCUREMENT

Local Business Support in response to COVID-19

1 Risk-Based Sourcing
Continue with simplified quotes targeted at local businesses, SME's & VCSE's (Below OJEU)

2 Market Engagement
Use technology to continue to engage with the market 'virtually' before procurement begins

3 Communications
Useful information for suppliers provided via our website. Tender opportunities advertised via The Chest & Twitter

4 'Meet the Buyer' Event
Virtual event held in November 2020, with over 25 workshops and briefings

5 Flexible Approach
New procurement approaches to allow for cost fluctuations and extended timescales

6 Forward 'Pipeline' Planning
Continue to advertise upcoming activity to provide opportunities & support stability for the market

7 Social Value in Current Contracts
Opportunity for existing suppliers to adopt new COVID-related Social Value measures

8 Social Value in New Contracts
Suppliers can select to deliver COVID-related Social Value measures and/or current TOMs measures

9 Showcase Suppliers
Showcase suppliers who have supported the public sector with COVID-related requirements

10 Post-COVID Requirements
Planning for what the public sector will need now and once restrictions begin to be lifted and how these can be sourced locally

For more information visit www.star-procurement.gov.uk

Register for opportunities at: www.the-chest.org.uk

@STARProcurement

Savings Plan & Approach

STAR Business Plan – Commerciality :- *There is no one way to deliver savings or reduce costs; we will deploy a wide range of approaches to ensure we get the maximum possible results for our Partners. Savings will be delivered through a robust category management approach and working collaboratively across all of our partners, driving economies of scale and increasing efficiencies*

Approach:

1. Generating ideas through the team and wider colleagues
2. Agreed on a joint Procurement and Finance approach
3. Focus on Revenue Savings
4. Review Data – Tableau as source
5. Forecast Procurement Savings 22/22
6. Savings Strategy developed and agreed with partners
7. Tracking success

STAR PROCUREMENT

Savings Strategy

Monthly Spend Meeting
STAR and finance to discuss work plan, savings, opportunities

Scrutiny
Enhanced scrutiny pre-procurement, challenge, savings categorisation agreed

Negotiation
Best And Final Offer (BAFO), contract extensions, direct awards, same supply base across STAR

Current Contracts and Suppliers
Review of current suppliers applying 3 questions:- cease / change / negotiate

Benchmarking
Similar supplies or suppliers across STAR prime for negotiation and/or collaboration

Collaboration
Come together, explore opportunities

Savings Reporting

Report To:	**AUDIT PANEL**
Date:	24 November 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:	This report provides a mid-year review of the Council's Treasury Management activities for 2020/21, including the borrowing strategy and the investment strategy.
Recommendations:	That the reported treasury activity and performance be noted.
Links to Community Strategy:	The Treasury Management function of the Council underpins the ability to deliver 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, conversion 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 Council held £61.320m of investments as at 30 September 2020 and the investment portfolio yield to date is 0.85% against the London Interbank Bid Rate (LIBID) benchmark of -0.06%. This represents an actual cash return of £0.419m in excess of the benchmark.
Legal Implications: **(Authorised by the Borough Solicitor)**	As there is a statutory duty for the Council to set, monitor and comply with its requirements to ensure a balanced budget, 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 in turn allows the Council to better plan and fulfil its key priorities for the coming year. Members should ensure they understand the meaning of **Appendix 1** and the outturn of prudential indicators they are being asked to approve, and the reasons for the same, before making their decision.
Risk Management:	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 Heather Green, Finance Business Partner by:

☎ phone: 0161 342 2929

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

1. BACKGROUND

1.1 Cash-flow management is a core element of the Council's financial management activities. The Council operates a balanced budget, which broadly means cash raised during the year will meet cash expenditure. Treasury Management operations firstly ensure that cash flow is adequately planned, with short term surplus funds being invested. The investment strategy priorities are security (i.e. there is a low risk that the counterparty will default on the Council's investment), then liquidity (cash flow needs), and lastly, yield – providing adequate liquidity initially before considering maximising investment return.

1.2 The second main function of the treasury management service is the funding of the Council's capital investment plans, agreed as part of the annual budget setting process and updated throughout the financial year. These capital plans provide a guide to the borrowing need of the Council, essentially this is the long term cash flow planning to ensure the Council can meet its capital spending requirements. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk management or cost reduction objectives.

1.3 Accordingly, treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

2. INTRODUCTION

2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) was adopted by this Council on 8 February 2012. The primary requirements of the Code are as follows:

i. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
ii. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
iii. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, **a Mid-year Review Report** and an Annual Report (stewardship report) to Executive Cabinet covering activities during the previous year.
iv. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
v. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Panel.

2.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- An economic update for the first six months of 2020/21;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2020/21;

- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21;

3. ECONOMIC UPDATE

3.1 The following economic update is provided by the Council's treasury management advisors, Link Asset Services (formally known as Capita Asset Services):

- ***UK:*** *As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:*

    - *The fall in* ***GDP*** *in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.*
    - *The peak in the* ***unemployment rate*** *was revised down from 9% in Q2 to 7½% by Q4 2020.*
    - *It forecast that there would be excess demand in the economy by Q3 2022 causing CPI* ***inflation*** *to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.*

- *It also squashed any idea of using* ***negative interest rates****, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be "less effective as a tool to stimulate the economy" at this time when banks are worried about future loan losses. It also has "other instruments available", including QE and the use of forward guidance.*

- *The MPC expected the £300bn of* ***quantitative easing*** *purchases announced between its March and June meetings to continue until the "turn of the year". This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently*

- *In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the "medium-term projections were a less informative guide than usual" and the minutes had multiple references to* ***downside risks,*** *which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.*

- *Overall,* ***the pace of recovery*** *is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.*

- *There will be some* ***painful longer term adjustments*** *as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.*

- *One key addition to* ***the Bank's forward guidance*** *was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate*

- *The* ***Financial Policy Committee*** *(FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.*

- ***US.*** *The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked* ***its inflation target*** *from 2% to maintaining an average of 2% over an unspecified time period i.e.following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.*

- ***EU.*** *The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by* *the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.*

- ***China.*** *After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.*

- ***Japan.*** *There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.*

- ***World growth.*** *Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.*

3.2 Link Asset Service's view on the outlook for the remainder of 2020/21 is as follows:-

GILT YIELDS / PWLB RATES*.* *There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.*

Gilt yields *had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government* *expenditure financed by issuing government bonds. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply. At the close of the day on 30th September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.*

From the local authority borrowing perspective, HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11 March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4 June, but that date was subsequently put back to 31 July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -
- ***PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)*
- ***PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)*
- ***PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)*
- ***PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)*
- ***Local Infrastructure Rate** is gilt plus 60bps (G+60bps)*

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.
As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

The balance of risks to the UK
- *The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.*
- *There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.*

***Downside risks** to current forecasts for UK gilt yields and PWLB rates currently include:*
- ***UK** - second nationwide wave of virus infections requiring a national lockdown*
- ***UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.*
- ***UK** - Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.*
- *A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year*

or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

- *Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.*
- ***German minority government** & general election in 2021. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.*
- ***Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.*
- ***Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.*
- ***Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.*
- ***US** – the Presidential election in 2020: this could have repercussions for the US economy and SINO-US trade relations.*

***Upside risks** to current forecasts for UK gilt yields and PWLB rates*

- ***UK** - stronger than currently expected recovery in UK economy.*
- ***Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.*
- ***The Bank of England** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.*

3.3 Link Asset Service's view on the anticipated future movement in interest rates is shown below. This forecast includes the increase in margin over gilt yields of 100bps introduced on 9 October 2019 and does not factor in any potential reduction to this margin.

Link Group Interest Rate View 11.8.20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

4. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY UPDATE

4.1 The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by the Council on 12 February 2020 as part of the Budget Report.

4.2 There are no required policy changes to the TMSS; the details in this report update the position in the light of the current economic position and budgetary changes already approved.

4.3 In recent years the Council has moved to a more diverse portfolio involving more foreign banks and more longer-duration investments in order to achieve an enhanced return in the current low interest rate environment; however, more liquid investments have been sought during the current pandemic in order to maintain the Council's cash position. All counterparties used have been selected on the basis that they are highly rated and meet the criteria set out in the Council's Treasury Management Strategy.

5. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

5.1 The Prudential Indicators are reported on a quarterly basis as part of the Capital Monitoring process. The Prudential Indicators show the current position against the Prudential Indicator limits initially set as part of the 2020/21 Budget Report.

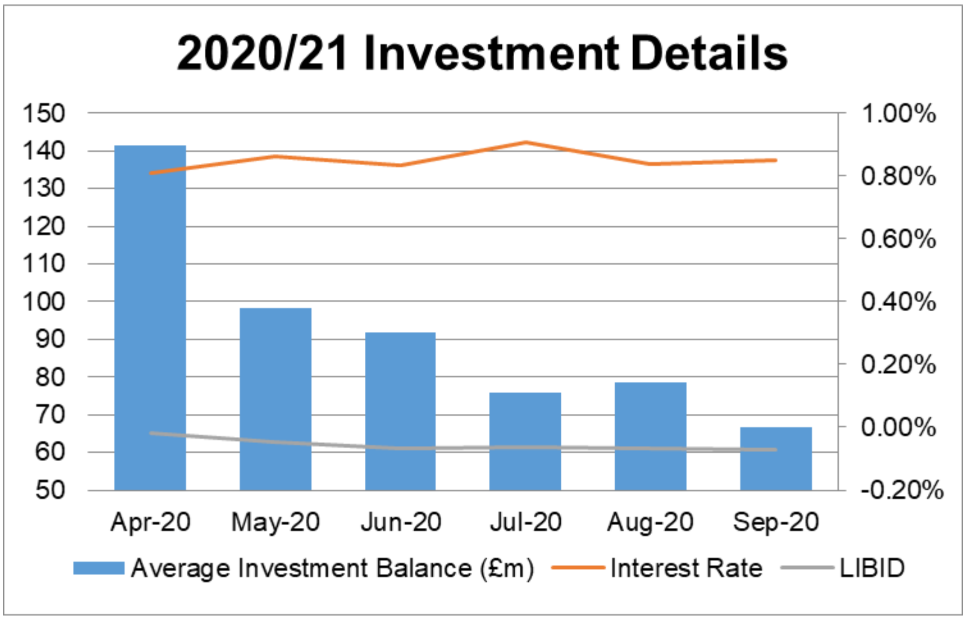
5.2 The indicators are updated from the Capital Programme as at 30 September 2020, showing the Council's capital expenditure plans and how these plans are being financed. Any changes in the capital expenditure plans will impact of the on the prudential indicators and the underlying need to borrow.

5.3 The current prudential indicator position is shown as **Appendix 1** of this report. All the indicators are within the set limits showing that the Council's borrowing strategy remains a prudent one.

6. INVESTMENT PORTFOLIO 2020/21

6.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it was a difficult interest environment even before the Covid-19 crisis, and this along with the added uncertainty in the pandemic prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

6.2 The Council held £61.320m of investments as at 30 September 2020, with an investment portfolio yield to date of 0.85% against LIBID of -0.06%. At 31 March 2020 the portfolio consisted of £143.090m of investments. The movement is largely in relation to the year-end balance including £54m of grants to be paid to small businesses, along with other advanced payments of grants and the general running down of balances. The below graph illustrates the change in investment balances over time along with the change in interest earned and the LIBID benchmark:



6.3 The portfolio as at 30 September 2020 was as follows:

Investment Type	**Total Invested**	**Weighted Average Duration**	**Average Interest Rate**
	(£m)	**(days)**	**(%)**
Money Market Funds	22.320	n/a (overnight)	0.09
Banks (fixed term)	Nil	n/a	n/a
Banks (notice)	Nil	n/a	n/a
Local Authorities	39.000	731	1.31
Total	**61.320**		**0.86**

6.4 As outlined in paragraph 4.3, above, this return has largely been earned due to an increased number of longer-duration investments, including a number of investments placed with other Local Authorities for periods in excess of one year in order to achieve an enhanced return. In 2020/21 to date the Council has moved away from this strategy and focused more on liquidity in light of market uncertainty around the ongoing Covid-19 pandemic.

6.5 The Assistant Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2020/21.

6.6 The Council's projections as at September 2020 show that external loans will incur interest charges of £6.070m and £0.200m will be paid to various Council funds such as the Insurance Fund. Investment income to be earned during the year is estimated to be £1.708m, which will reduce these costs to give an estimated net interest charge of £4.562m.

6.7 As outlined in the Treasury Management Strategy, the Council uses the Link Asset Services creditworthiness service to inform counterparty selection.

6.8 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.

6.9 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.

6.10 All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

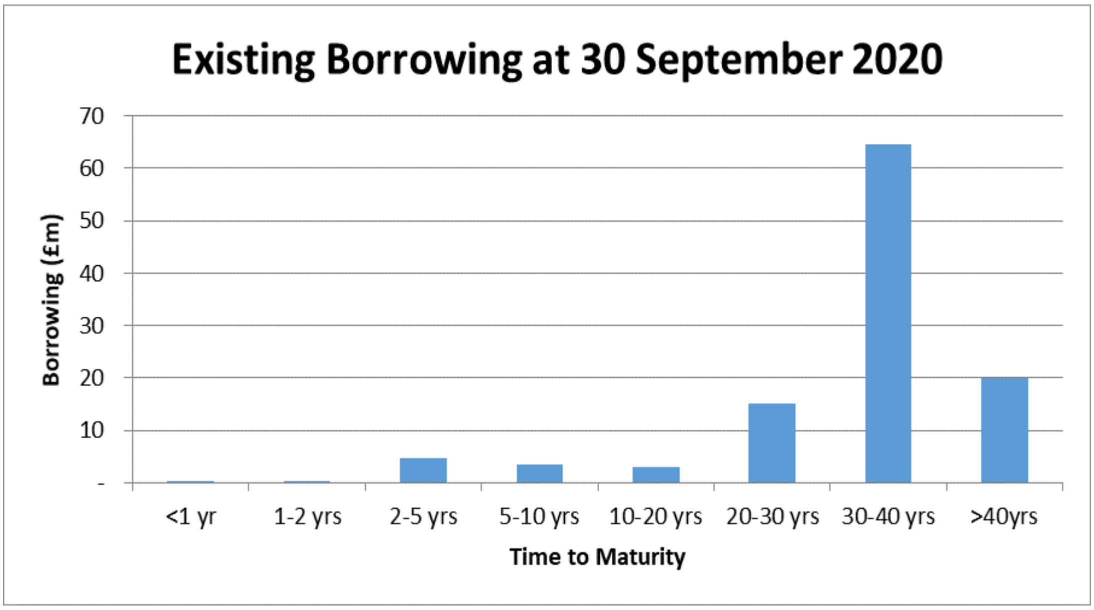
6.11 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, and information on any external support for banks to help support its decision making process.

7. BORROWING

7.1 The Council has not taken up any new borrowing in the first half of 2020/21.

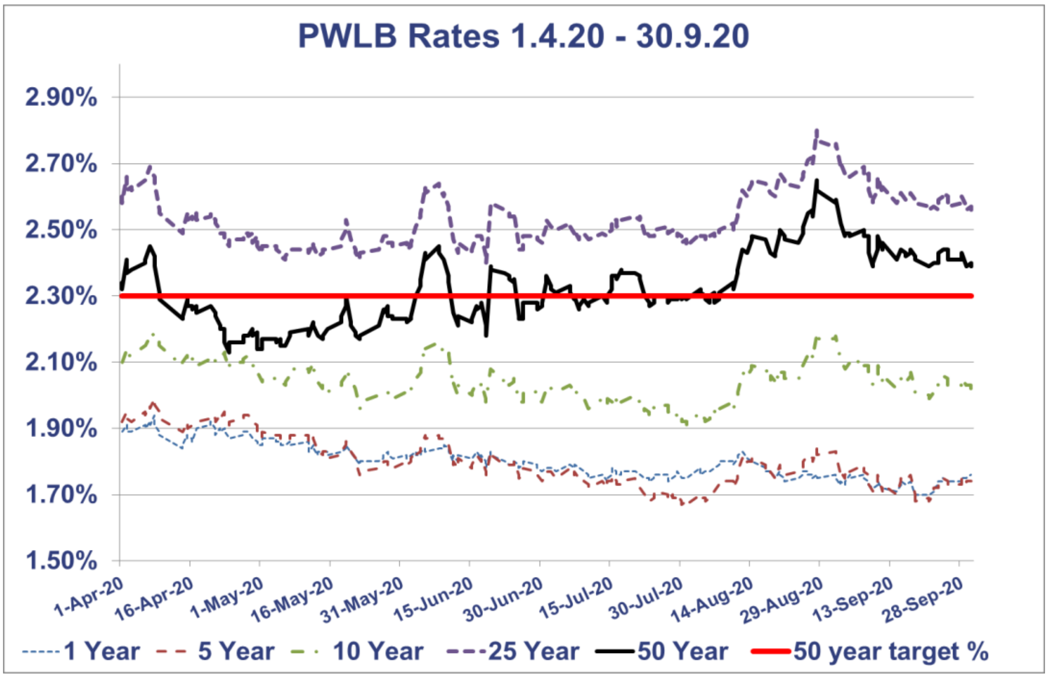
7.2 Whereas the Council has previously relied on the PWLB as a major source of funding, it is now reconsidering potential alternative sources of borrowing.

7.3 As at 30 September 2020 the Council's total borrowing was £141.186m. The maturity profile is as follows:



7.4 The Council's capital financing requirement (CFR) at 31 March 2020 was £182.611m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the Public Works Loan Board or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

7.5 The Council had an outstanding borrowing requirement of £48.063m at 31 March 2020. This is forecast to increase to £68.066m by the end of 2020/21 due to planned capital investment. The remaining outstanding borrowing requirement is currently funded from internal balances on a temporary basis and has the impact of reducing the level of the Council's investment balances. This continues to be a prudent and cost effective approach in the current economic climate but is kept under regular review.



7.6 The table above shows the movement in Public Works Loan Board borrowing rates in 2020/21.

8. MINIMUM REVENUE PROVISION

8.1 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.

8.2 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. 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.

8.3 In 2015/16 the Council's MRP policy was revised from the previous practice (4% of the capital finance requirement on a reducing balance basis) to a straight line method of 2% of the 2015/16 capital financing requirement over a period of 50 years.

8.4 Any new prudential borrowing taken up will be provided for within the MRP calculation based upon the expected useful life of the asset or by an alternative approach deemed appropriate to the expenditure in question. This will continue to be reviewed on an ongoing basis.

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

8.6 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 5 year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.

8.7 The MRP policy was updated as part of the 2018/19 Treasury Management Strategy to clarify the Council's position on loans to third parties. 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.

9. DEBT RESCHEDULING

9.1 Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. No debt rescheduling was undertaken during the first six months of 2020/21.

10. GREATER MANCHESTER METROPOLITAN DEBT ADMINISTRATION FUND (GMMDAF)

10.1 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.

10.2 Unlike Tameside the GMMDAF incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. However, loans are raised to replace those maturing during the year, and for cashflow purposes.

10.3 At 31 March 2020 the fund had the following outstanding debt.

	£m
Public Works Loan Board	38.963
Pre 1974 Transferred Debt	0.096
Temporary Loans / (Investments)	0.066
Other Balances	1.173
Total Debt	40.297

10.4 The fund's borrowing requirement for 2019/20 is estimated to be:-

	£m
Long term debt maturing	
Public Works loan Board	13.100
Other	0.036
	13.136
Less principal repayments	(19.510)
Deficit/ (Surplus) in year	(6.374)

10.5 The surplus in year is a result in timing differences between PWLB repayments and the principal repayments from the districts. It will be used to offset an existing deficit from prior years.

10.6 During 2020/21 it is estimated that the total interest payments will be £2.617m at an average interest rate of 6.50%. This compares with 5.65% in 2019/20.

10.7 No long term borrowing has been taken up in the first six months of 2020/21. However, loans may be taken up for either re-scheduling or borrowing early for future years, if prevailing rates are considered attractive. This is now highly unlikely given the limited remaining life of the Fund.

11. RECOMMENDATIONS

11.1 As set out on the front of the report.

APPENDIX 1

Prudential Indicators

Actuals v limits as at 30 September 2020

	Limit	Actual	Amount within limit
	£000s	**£000s**	**£000s**
Operational Boundary for External Debt	202,431	141,337	(61,094)
Authorised Limit for External Debt	222,431	141,337	(81,094)

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.

	Limit	Actual	Amount within limit
	£000s	**£000s**	**£000s**
Upper Limit for fixed	191,128	46,511	(144,617)
Upper Limit for variable	63,709	(31,175	(94,884)

These limits are in respect of the Council's 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).

	Limit	Actual	Amount within limit
	£000s	**£000s**	**£000s**
Capital Financing Requirement	191,128	191,128	-

The Capital Financing Requirement (CFR) 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.

	Limit	Actual	Amount within limit
	£000s	**£000s**	**£000s**
Capital expenditure	108,302	22,143	(86,159)

This is the estimate of the total capital expenditure to be incurred.

Gross borrowing and the capital financing requirement	CFR @ 31/03/20 + increase years 1,2,3	Gross borrowing	Amount within limit
	£000s	**£000s**	**£000s**
	191,128	141,337	(49,791)

To ensure that medium term debt will only be for capital purposes, the Council will ensure that the gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR).

Maturity structure for borrowing 2019/20 Fixed rate		
Duration	**Limit**	**Actual**
Under 12 months	0% to 15%	0.25%
12 months and within 24 months	0% to 15%	0.13%
24 months and within 5 years	0% to 30%	3.27%
5 years and within 10 years	0% to 40%	2.51%
10 years and above	50% to 100%	93.83%

These limits set out the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing. Future borrowing will normally be for periods in excess of 10 years, although if longer term interest rates become excessive, shorter term borrowing may be used. Given the low current long term interest rates, it's felt it is acceptable to have a long maturity debt profile.