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## AUDIT PANEL

**Day:** Tuesday  
**Date:** 27 July 2021  
**Time:** 2.00 pm  
**Place:** Lesser Hall - Dukinfield Town Hall

Item No.	AGENDA	Page No
1.	<b>APOLOGIES FOR ABSENCE</b> To receive any apologies for the meeting from Members of the Panel.	
2.	<b>DECLARATIONS OF INTEREST</b> To receive any declarations of interest from Members of the Panel.	
3.	<b>MINUTES</b> The Minutes of the meeting of the Audit Panel held on 16 March 2021 to be signed by the Chair as a correct record.	1 - 6
4.	<b>ANNUAL AUDIT LETTER 2019/20</b> To consider a report of the Executive Member for Finance and Economic Growth / Director of Finance.	7 - 28
5.	<b>EXTERNAL AUDIT STRATEGY MEMORANDUM</b> To consider a report of the Executive Member for Finance and Economic Growth / Director of Finance.	29 - 96
6.	<b>EXTERNAL AUDIT ASSURANCE LETTERS 2020/21</b> To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	97 - 112
7.	<b>REVIEW OF INTERNAL AUDIT 2020/21</b> To consider a report of the Director of Finance.	113 - 196
8.	<b>RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2020/21</b> To consider a report of the Head of Risk Management and Audit Services.	197 - 226
9.	<b>ANNUAL GOVERNANCE REPORT 2020/21</b> To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	227 - 298

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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.	<b>TREASURY MANAGEMENT OUTTURN REPORT 2020/21</b> To consider a report of the Executive Member for Finance and Economic Growth / Director of Finance.	299 - 312
11.	<b>DRAFT STATEMENT OF ACCOUNTS 2020/21</b> To consider a report of the Director of Finance.	313 - 534
12.	<b>AUDIT PANEL FORWARD PLAN AND TRAINING</b> To consider a report of the Director of Finance / Assistant Director of Finance.	535 - 540
13.	<b>PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES - QUARTER 1 2021/22</b> To consider a report of the Head of Risk Management and Audit Services.	541 - 558
14.	<b>CORPORATE RISK REGISTER REVIEW JULY 2021</b> To consider a report of the Director of Finance / Risk, Insurance and Information Governance Manager.	559 - 584
15.	<b>INFORMATION GOVERNANCE REPORT QUARTER 1 2021/22</b> To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	585 - 662
16.	<b>URGENT ITEMS</b> To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

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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.

# Agenda Item 3.

## AUDIT PANEL

16 March 2021

**Commenced:** 14:00

**Terminated:** 15:30

**Present:** Councillors Ricci (Chair), Dickinson, Kitchen, Naylor and Owen

Observers - Councillors Ryan

**In Attendance:**

Sandra Stewart	Director of Governance and Pensions
Kathy Roe	Director of Finance
Tom Wilkinson	Assistant Director of Finance
Wendy Poole	Head of Risk Management and Audit Services
Martin Nixon	Risk, Insurance and Information Governance Manager
Karen Murray	Mazars

**Apologies for  
Absence:** Councillors Cartey, Fitzpatrick and Homer  
Councillors Fairfoull (Observer)

### 31. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 32. MINUTES

The minutes of the meeting of the Audit Panel on the 24 November 2020 were approved as a correct record.

### 33. MONTH 9 FINANCE REPORT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Lead Clinical GP / Director of Finance. The report detailed the Month 9 2020/21 financial position, reflecting actual expenditure to 31 December 2020 and forecasts to 31 March 2021.

The report included the details of the Integrated Commissioning Fund (ICF) for all Council services and the Clinical Commissioning Group. The total gross revenue budget value of the ICF for 2020/21 was £980 million. At Month 9, the Strategic Commission was forecasting a net overspend of £3.328m by 31 March 2021.

It was stated that the Council was forecasting a year end overspend of £3.8m, which was a slight deterioration on the position reported at month 8. Significant pressures remained across Directorates, most significantly in Children's Social Care where expenditure was forecast to exceed budget by £4.134m, with further cost pressures in Adults and Education, and income loss pressures in the Growth Directorate. These were due to underlying financial pressures that the Council would have faced regardless of the Covid pandemic.

On the assumption that the anticipated COVID top up would be received in full, a surplus of £512k was projected at year end on CCG budgets. Further detail on the financial position could be found in Appendix 1.

### RESOLVED

**That Members of the Audit Panel note the forecast outturn position and associated risks for 2020/21 as set out in Appendix 1.**

### **34. ACCOUNTING POLICIES 2020/21**

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report detailed the proposed accounting policies for the 2020/21 Statement of Accounts, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the 2020/21 accounts.

It was reported that officers had assessed the accounting policies that were deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2020/21. In undertaking this assessment a review of all accounting policies previously agreed had been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements. There were no changes to the Code of Practice on Local Authority Accounting which required changes to the Council's Accounting Policies for 2020/21.

It was stated that during 2020/21 the Council had received a number of new Covid grant funding streams. Each of these grants had different terms and conditions attached to it, and the accounting treatment would be determined by the restrictions placed on the funding. An exercise would be undertaken during March 2021 to review and confirm the correct accounting treatment for these different funding streams.

#### **RESOLVED**

**That Members of the Audit Panel note that there were no proposed changes to the accounting policies for 2020/21 compared to those adopted for 2019/20 and approve the accounting policies detailed at Appendix 1.**

### **35. TREASURY MANAGEMENT STRATEGY 2021/22**

Consideration was given to a report of the Director of Finance, which detailed the Treasury Management Strategy for 2021/22, which was approved by Full Council on 23 February 2021.

It was reported that as at the 31 March 2020 the Council had £143m of investments which needed to be safeguarded and £141m of long term debt which had been accrued over the years to help fund the Council's capital investment programmes. Members were reminded that the Council was also the lead authority responsible for the administration of the debt of the former Greater Manchester County Council on behalf of all ten Greater Manchester Metropolitan Authorities. As at 31 March 2020, this represented a further £40m of debt.

It was stated that the significant size of these amounts required careful management to ensure that the Council met its balanced budget. Generating good value for money was essential, in terms of both minimising the cost of borrowing and maximising the return on investments.

The Assistant Director of Finance explained that the Prudential Indicators for 2021/22 and the following two years must be set before the beginning of the forthcoming year and required approval by Council as part of the budget approval process. The system required a process for controlling prudential borrowing to ensure that all council borrowing remains affordable. It was explained that the Council was in an 'under-borrowed' position meaning that capital expenditure funded from borrowing exceeded the actual level of debt taken up. During 2019/20 £30m of additional prudential borrowing was taken up in accordance with the planned strategy. No further long-term borrowing was taken up during 20/21, however the current capital financing budget assumed a further £30m of borrowing would be taken up in 2021/22. The Council's current projected under-borrowed position was £54m, which provided an estimated annual saving of £0.9m in interest costs at prevailing rates. The planned Prudential Borrowing of £30m in 2021/22 was provisional as the Council would review its available resources on a regular basis throughout the year.

Members were advised that the Council had some flexibility to borrow funds for use in future years. The Section 151 Officer could do this under delegated power where, for instance, a sharp rise in

interest rates was expected, and so borrowing early at fixed interest rates would be economically beneficial or meet budgetary constraints

In regards to sources of borrowing, it was stated that the PWLB was, in effect, the Government, and loans raised from this source were generally the cheapest available for their type and duration. Although loans from the PWLB could be obtained at a variable rate of interest, Tameside had normally borrowed at fixed rates and holds no variable PWLB debt. Further, borrowing for fixed periods meant that the average rate payable was not subject to large year on year volatility which could occur if rates were linked to the base rate of interest.

It was reported that the original estimate of interest payable for the 2020/21 financial year was £6.162m. Of this £5.962m would be paid externally and the remainder would be paid to various Council funds such as the Insurance Fund. It was anticipated that the outturn position for the year would be slightly below this budget.

## **RESOLVED**

**That the Treasury Management Strategy for 2021/22 be noted.**

### **36. RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2021/22**

Consideration was given to a report of the Head of Risk Management and Audit Services, which detailed the planned work for the Risk Management and Audit Service for 2021/22.

It was reported that the Annual Audit Plan detailed at Appendix 1 totalled 1,665 Days. The Approved Plan for 2020/21 totalled 1,510 which included 1,200 Days on Planned Work and 310 Days on Counter Fraud Work and Investigations.

It was explained that the Annual Audit Plan of 1,665 days had been balanced to resources available. However, productive days were estimated and any changes to the assumptions used would be reflected during the year and reported to the Audit Panel/Greater Manchester Pension Fund Local Board. One assumption was based on the recruitment of a Senior Auditor and productive days had been included from May 2021. As in previous years the demand for audit work had exceeded the days available and therefore the Annual Audit Plan for 2021/22 presented for approval includes only Mandatory and High Risk Audits

Members were reminded that the Service Unit did not employ a specialist Computer Auditor for the provision of technical computer audit support and this was procured from Salford MBC Computer Audit Services using the AGMA Collaboration Computer Audit Agreement to help deliver the ICT – Computer Audit Plan.

It was stated that in order to comply with the Public Sector Internal Audit Standards it was necessary for the Audit Panel to approve the Internal Audit Strategy attached at Appendix 2 and the Internal Audit Charter attached at Appendix 3 annually.

The Head of Risk Management and Audit Services reported that standard 1300 of the Public Sector Internal Audit Standards required the Chief Internal Auditor to develop and maintain a quality assurance and improvement programme that covered all aspects of the internal audit activity. The Quality Assurance and Improvement Programme was attached at Appendix 4.

Members were advised that resources had increased for Counter Fraud Work and Investigations from 310 to 393. Update reports would be provided as part of the quarterly progress reports provided by the Head of Risk Management and Audit Services.

In regards to performance monitoring, the performance of the service would be monitored against targets and performance indicators. Individually auditors were monitored against performance targets and appraisal sheets are completed for audits highlighting issues and potential training

needs. Customer questionnaires were also used at the conclusion of each audit to test customer reaction to the audit and to help identify any training needs or service improvements. .

#### **RESOVLED**

- (i) That approval be granted to the Draft Internal Audit Plan for 2021/22 shown at Appendix 1 and note the planned work for the Risk, Insurance and Information Governance Team and the National Anti-Fraud Network Data and Intelligence Service.**
- (ii) That approval be granted to the Audit Strategy for 2021/22 shown at Appendix 2.**
- (iii) That approval be granted to the Audit Charter for 2021/22 shown at Appendix 3.**
- (iv) That approval be granted to the Quality Assurance and Improvement Programme for 2021/22 shown at Appendix 4.**

#### **37. ANNUAL GOVERNANCE STATEMENT 2019/20 - IMPROVEMENT PLAN PROGRESS UPDATE**

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services. The report detailed the Annual Governance Statement 2019/20 Improvement Plan Progress report to Members for Comment.

The preparation and publication of an Annual Governance Statement was necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015. It required 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”.

The Annual Governance Statement was presented to the Audit Panel on 22 July 2020 as a draft document for review and comment and presented as a final document for approval on 14 November 2020.

It was stated that Section 5 of the Annual Governance Statement identified a number of areas for development which were appended to the statement in an Improvement plan. Addressing the issues identified would further enhance the governance framework in place for the Council. Further, it was stated that the Table presented at Appendix 1 provided a progress report against each development as at February 2021. Some improvements were progressing, however, COVID-19 had caused delays to a number of the improvements identified

#### **RESOLVED**

**That the Annual Governance Statement 2019/20 Improvement Plan Progress Report attached at Appendix 1 be noted.**

#### **38. CORPORATE RISK REGISTER UPDATE MARCH 2021**

Consideration was given to a report of the Director of Finance / Risk, Insurance and Information Governance Manager. The report detailed the Corporate Risk Register at Appendix 1 and sought comment and approval.

Members were advised that the Corporate Risk Register attached at Appendix 1 detailed the risk scores evaluated both in October 2020 and March 2021. Risk owners had assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they had responsibility for. Review comments had been added to the risk register under Appendix 1 alongside each risk.

It was explained that service delivery, working practices, and the Council’s allocation of financial and staff resources continued to be influenced by the Covid-19 pandemic. This was illustrated by the risk scores still being at higher levels than prior to the March 2020 lockdown.

The Risk, Insurance and Information Governance Manager summarised the key developments and risks in March. There were a total of 12 Red risks across the register. Although this was a reduction from the 19 Red risks reported in May 2020, this still demonstrated the disruption caused by the pandemic when compared to the pre-Covid level of 4 Red risks in October 2019.

## **RESOLVED**

**That the Corporate Risk Register at Appendix 1 be approved and the development work detailed in section 4 of the report be noted.**

### **39. PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2020 TO JANUARY 2021**

Consideration was given to a report of the Head of Risk Management and Audit Activities from April 2020 to January 2021.

It was reported that recruitment to the Risk, Insurance and Information Governance Team was now complete and all posts were now occupied. The two new Risk, Insurance and Information Governance Officers joined the team in January and February 2021. A work plan across all four disciplines covered by the team had been reviewed by the Team Manager to ensure all roles and responsibilities were allocated according to individual strengths and experience.

In regards to work over the last quarter, it was stated that a draft Work Plan in respect of Information Governance was presented to the Information Governance Group at the end of January 2021 and further work was now underway to refine and allocate the tasks with timescales to team members.

Further, a number of Data Protection Impact Assessments and Sharing/Processing Agreements had been reviewed during the period to ensure that all risks to personal data in relation to new projects and changes to existing processes were assessed and protected to ensure compliance with UK GDPR and the Data Protection Act 2018.

It was reported that the insurance renewal process was ongoing, information had been provided to the insurance brokers for presentation to insurers and renewal terms were expected in March in time for renewal on 1 April 2021. The draft Actuarial Review had been provided and was being reviewed before it would be presented to Finance for the purpose of reviewing the Insurance Reserve and Provisions for inclusion in the Final Accounts.

Members were presented with a table which summarised the progress of planned audits. It was explained that the Audit Plan had to be responsive to changing priorities and therefore the revised plan presented in November 2020 had been further updated to reflect the actual work undertaken in Quarters 1, 2 and 3, including estimates for the work to be undertaken in Quarter 4. The revised Plan totalled 1,516, this include 1,100 Days on Planned Work and 416 Days on Counter Fraud/Investigation Work. It was stated changes across Directorates had taken place to accommodate audits being rescheduled due to the impact of COVID-19, additional priority requests received, investigations and Audit's continued involvement in the payment of grants to support businesses.

It was reported that five Final Reports were issued in the period from October 2020 to 31 January 2021 which brought the total to fourteen for the year to date. In addition to the Final Reports issued above, five Draft Reports had been issued for management review and responses and these would be reported to the Panel in due course. Post Audit Reviews were undertaken approximately six months after the Final Report had been issued, however, where a low level of assurance is issued the Post Audit Review was scheduled for three months to ensure that the issues identified were addressed. Sixteen Post Audit Reviews had been completed during the period October 2020 to 31 January 2021 and a summary of the findings were presented to Members.

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

In regards to Irregularities and Counter Fraud Work, the Head of Risk Management and Audit Services highlighted that there had been 92 referrals to the team between April 2020 and January 2021. The majority of these referrals were in relation to business support grants. Further, Members were presented with a table summarising the investigations by fraud types and grants to businesses. It was reported that to date £304,669 of payments had been stopped as a result of the investigation work. In addition the value of grants recovered via invoice totalled £240,000 to date.

**RESOLVED**

**That the report and the performance of the Service Unit for the period April 2020 to January 2021 be noted.**



**40. URGENT ITEMS**

There were no urgent items.

**CHAIR**



# Agenda Item 4.

<b>Report to:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Executive Member / Reporting Officer:</b>	Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance
<b>Subject:</b>	<b>ANNUAL AUDIT LETTER 2019/20</b>
<b>Report Summary:</b>	The Annual Audit Letter summarises the work undertaken by External Audit as the auditor for Tameside Metropolitan Borough Council for the year ended 31 March 2020. It summarises the work undertaken and conclusions formed in respect of the annual financial statements and value for money.
<b>Recommendations:</b>	Members of the Audit Panel are asked to note the Annual Audit Letter for 2019/20.
<b>Corporate Plan:</b>	This links to all aspects of the Corporate Plan.
<b>Policy Implications:</b>	There are no direct policy implications.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	There are no direct financial implications. The work of external audit provides a source of assurance to members over the financial reporting and financial position of the Council.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	This is the annual report/assessment prepared by our external auditors following the audit of the financial statements/accounts and consideration of the Council's financial resilience. It is a key tool in assessing how well the Council is performing in respect of its finance and governance. The forward looking section enables the Council to comply with the Accounts and Audit Regulations 2011 and understand what external audit will be considering in making a judgement.
<b>Risk Management:</b>	The external auditor provides an opinion on the financial statements of the Council, including the Greater Manchester Pension Fund, and an assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).
<b>Access to Information:</b>	The report is to be considered in public.
<b>Background Information:</b>	The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner  Telephone: 0161 342 2929  e-mail: <a href="mailto:heather.green@tameside.gov.uk">heather.green@tameside.gov.uk</a>

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# Annual Audit Letter

## Tameside Metropolitan Borough Council

Year ending 31 March 2020





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- 02** Audit of the financial statements
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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

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# 1. EXECUTIVE SUMMARY

## Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Tameside MBC (the Council) and for Greater Manchester Pension Fund for the year ended 31 March 2020. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	<p>Our auditor's report issued on 24 February included our opinion that the financial statements for Council:</p> <ul style="list-style-type: none"><li>• give a true and fair view of the Council's financial position for both as at 31 March 2020 and of the expenditure and income for the year then ended; and</li><li>• have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.</li></ul> <p>Our auditor's report issued on 24 February included our opinion that the financial statements for Greater Manchester Pension Fund:</p> <ul style="list-style-type: none"><li>• 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</li><li>• have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20</li></ul>
Other information published alongside the audited financial statements	<p>Our auditor's report included our opinion that:</p> <ul style="list-style-type: none"><li>• the other information in the Statement of Accounts is consistent with the audited financial statements.</li></ul>
Value for money conclusion	<p>Our auditor's report concluded that we are satisfied that, in all significant respects, the 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.</p>
Reporting to the group auditor	<p>In line with group audit instructions, issued by the NAO on 4<sup>th</sup> November, we reported to the group auditor in line with the requirements applicable to the Council's WGA return. Our report was issued on 23 June 2021.</p>
Statutory reporting	<p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p>



## 2. AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

### The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council, and whether they give a true and fair view of the Council's financial position as at 31 March 2020 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, stated that in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2020 and of its financial performance for the year then ended. Our report included an emphasis of matter in relation to valuation uncertainty relating to the Council's property portfolio as well as their relevant share of property assets held by the LGPS Pension Fund reflected in the Council's IAS19 entries.

### Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to those charge with governance. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2020:

Financial statement materiality	Our financial statement materiality is based on 2% of Gross Operating Expenditure.	£11.97m
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£0.359m
Specific materiality	We have applied a lower level of materiality to the following areas of the accounts: Senior Officer Remuneration.	£0.005m



## 2. AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

### Our response to significant risks (Cont)

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit Panel within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	How we addressed this risk	Our findings and conclusions
<p><b>Management override of controls</b></p> <p>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. Because of 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</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>Accounting estimates impacting on amounts included in the financial statements;</li> <li>Consideration of identified significant transactions outside the normal course of business; and</li> <li>Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li> </ul>	<p>We did not identify any significant matters arising from our testing of management override of controls.</p>



## 2. AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

### Our response to significant risks (Cont)

Identified significant risk	How we addressed this risk	Our findings and conclusions
<p><b>Valuation of Property, Plant, and Equipment</b></p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date.</p> <p>The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle with investment properties revalued annually.</p> <p>The valuation of Property, Plant &amp; 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.</p> <p>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.</p>	<p>We addressed this risk through our audit work as we:</p> <ul style="list-style-type: none"> <li>• Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations;</li> <li>• Considered whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, and the CIPFA Code of Practice;</li> <li>• Critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's calculations, using available third party evidence;</li> <li>• Considering whether the valuation changes in 2019/20 are consistent with evidence of changes in industry published indices of changes in build costs;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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</li> <li>• Tested a sample of items of capital expenditure in 2019/20 to confirm that the additions are appropriately valued in the financial statements.</li> </ul>	<p>We completed our testing in relation to this risk, and an emphasis of matter was included in our auditor's report relating to the material valuation uncertainty as a result of the Covid-19 pandemic.</p>





## 2. AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

### Our response to significant risks

Identified significant risk	How we addressed this risk	Our findings and conclusions
<p><b>Valuation of Defined Benefit Pension Liability</b></p> <p>The net pension liability represents a material element of the Council's balance sheet.</p> <p>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.</p> <p>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.</p>	<p>We addressed this risk through our work as we:</p> <ul style="list-style-type: none"> <li>• Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's actuary, Hymans Robertson;</li> <li>• 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;</li> <li>• 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. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and</li> <li>• 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.</li> <li>• In addition, we considered revised actuarial reports obtained by the Council to address the remedy for the 'McCloud' case and the potential impact of the 'Goodwin' case on the Council's liability in 2019/20. The Council amended the pension accounting entries and disclosures in the Council's financial statements in response to the revised report.</li> </ul>	<p>We completed our testing in relation to this risk, and an emphasis of matter was included in our auditor's report relating to the material valuation uncertainty related to the property assets held by the pension fund as a result of the Covid-19 pandemic.</p> <p>There were no other matters arising from our work in relation to this risk.</p>



## 2. AUDIT OF THE COUNCIL'S FINANCIAL STATEMENTS

### Our response to enhanced risks (Cont)

Identified enhanced risk	How we addressed this risk	Our findings and conclusions
<p><b>Valuation of Airport Shareholding</b></p> <p>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.</p>	<p>Our approach to auditing the investment in Manchester Airport Holdings Limited included the involvement of the Mazars in-house valuation team.</p> <p>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.</p> <p>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.</p>	<p>We have completed our procedures and there are no matters arising against the valuation of the Council's investment in MAHL.</p>
<p><b>Completeness and Accuracy of Property, plant and equipment (PPE)</b></p> <p>– Transition to new Fixed Asset Register</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Gained an understanding of the approach and processes being used by management;</li> <li>• Obtained and reviewed management's reconciliations of data between systems;</li> <li>• Performed testing to ensure balances in the 2019/20 fixed asset register agree with the reconciliation data provided ; and</li> <li>• As part of our testing of PPE agreed the underlying data used by the Council's valuation expert.</li> </ul>	<p>We have completed our procedures and there are no matters arising</p>
<p><b>Accounting for Schools</b></p> <p>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.</p>	<p>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.</p>	<p>We have completed our procedures and there are no matters arising against the treatment and accounting for schools in the Council's accounts.</p>



## 2. AUDIT OF THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

### The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to Greater Manchester Pension Fund, and whether they give a true and fair view of the fund's financial position as at 31 March 2020 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Pension Fund's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, stated that in our view, the financial statements give a true and fair view of the Pension Fund's financial position as at 31 March 2020 and of its financial performance for the year then ended. Our report included an emphasis of matter in relation to valuation uncertainty relating to the property assets held by the Pension Fund.

### Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to those charge with governance. We call this our trivial threshold.

Financial statement materiality	Our financial statement materiality is based on 1% of Net Assets	£220.3m
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£6.6m
Specific materiality	We have applied a lower level of materiality to the fund account based on 10% of benefits payable.	£86.0m



## 2. AUDIT OF THE PENSION FUND'S FINANCIAL STATEMENTS

### Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Pension Fund's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit Panel within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	How we addressed this risk	Our findings and conclusions
<p><b>Management override of controls</b></p> <p>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. Because of 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.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>Accounting estimates impacting on amounts included in the financial statements;</li> <li>Consideration of identified significant transactions outside the normal course of business; and</li> <li>Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li> </ul>	<p>We did not identify any significant matters arising from our testing of management override of controls.</p>



## 2. AUDIT OF THE PENSION FUND'S FINANCIAL STATEMENTS

### Our response to significant risks

Identified significant risk	How we addressed this risk	Our findings and conclusions
<p>Valuation of unquoted investments for which a market price is not readily available</p> <p>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</p>	<p>We addressed this risk by completing the following additional procedures:</p> <ul style="list-style-type: none"> <li>• agreed the valuation to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;</li> <li>• 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;</li> <li>• assessed the competence and experience of management's experts including the custodian;</li> <li>• agreed the investment manager valuation to audited accounts or other independent supporting documentation, where available;</li> <li>• where audited accounts were available, check that they were supported by a clear opinion; and</li> <li>• where available, reviewed independent control assurance reports to identify any exceptions that could present a risk of material misstatement in the Fund's financial statements.</li> </ul>	<p>We have completed our procedures in respect of this risk.</p>



### 3. VALUE FOR MONEY CONCLUSION

Value for money conclusion

Unqualified

#### Our audit approach

We are required to consider whether the 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 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; and
- working with partners and other third parties.

Our auditor’s report stated that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	<p>The arrangements in place to manage this risk are appropriate and effective.</p> <p>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.</p>	Yes
Sustainable resource deployment	<p>The arrangements in place to manage this risk are appropriate and effective.</p> <p>The planned use of the financial resources of the Council supports 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 a way as to make this possible.</p>	Yes
Working with partners and other third parties	<p>The arrangements in place to manage this risk are appropriate and effective.</p> <p>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.</p>	Yes



### 3. VALUE FOR MONEY CONCLUSION

#### Significant risks

The NAO’s guidance requires us to carry out work to identify whether or not a risk to our conclusion exists. Risk, in the context of our 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 risk. The work we carried out in relation this risk is outlined below.

Risk	Work undertaken	Conclusion
<p><b>Financial sustainability</b></p> <p>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.</p>	<p>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.</p> <p><b>Findings</b></p> <p>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.</p> <p>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.</p> <p>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 including Children’s services, in order to mitigate the growing demand led financial pressures.</p>	<p>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.</p>



### 3. VALUE FOR MONEY CONCLUSION

#### Significant risks (Cont)

Risk	Work undertaken	Conclusion
Financial sustainability	<p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• delayed comprehensive spending / fair funding review;</li> <li>• impact of business rates reset; and</li> <li>• review of the business rates retention pilot.</li> </ul> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	.



## 4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	No matters to report
Completion of group audit reporting requirements	Consistent
Other information published alongside the audited financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

### Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power 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 statutory reporting powers.

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 received no such objections in respect of the Council's accounts for the year ended 31 March 2020.

### Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We are finalised our work on this return on 23 June 2021 with the assistance of your officers.

### Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.



## 5. OUR FEES

### Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the audit panel in 2020.

Having completed our work for the 2019/20 financial year, we can confirm that our final fees are as follows:

19/20 Proposed Final Fee - Council	£
Scale fee	80,863
<b>Additional Fees:</b>	
Changes in scope – Property Plant & Equipment Valuation	8,700
Changes in scope – Defined Benefit Pensions Liability Valuation	4,350
Changes in scope – COVID related	3,000
Changes in scope – Other	1,000
Changes in scope – VFM additional work on risk	3,150
<b>Total proposed final fee</b>	<b>101,063</b>

19/20 Proposed Final Fee – Pension Fund	£
Scale Fees	43,383
Additional fees	-
<b>Total proposed final fee</b>	<b>43,383</b>

\* Final proposed fee to be confirmed with PSAA

### Fees for other work

We confirm we have not undertaken any other work for the Council.

The fee for the Pension Fund does not include fees charged to the Fund for pensions assurance work undertaken at the request of employer's auditors for the year ended 31 March 2020. The total fees chargeable for this assurance are approximately £30,000 for 2019/20. The Fund is able to recharge these fees to the relevant employers. This is in line with the PSAA Terms of Appointment and the NAO's AGN01 General Guidance Supporting Local Audit.



## 6. FORWARD LOOK

### Changes to the Code of Audit Practice

The Code of Audit Practice (the Audit Code), issued by the Comptroller and Auditor General, prescribes the way we carry out our responsibilities as your auditors. On 1<sup>st</sup> April 2020 a new Code came in to force and will apply to our work from 2020/21 onwards.

The new Audit Code continues to apply the requirements of International Standards on Auditing (ISAs) to our audit of the financial statements. While there are changes to the ISAs that are effective from 2020/21 the Audit Code has not introduced any changes to the scope of our audit of the financial statements. We will continue to give our opinion on the financial statements in our independent auditor's report.

There are however significant changes to the work on value for money arrangements, and the way we report the outcomes of our work to you.

### The auditor's work on value for money arrangements

From 2020/21 we are still required to satisfy ourselves that you have made proper arrangements for securing the economy, efficiency and effectiveness in your use of resources, however unlike under the 2015 Audit Code, we will no longer report in the form of a conclusion on arrangements. Instead, where our work identifies significant weaknesses in arrangements, we are required to report those weaknesses to you, along with the actions that need to be taken to address those weaknesses.

Our work on value for money arrangements will focus on three criteria, specified in the revised Audit Code:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Under the new Audit Code we will be expected to report and make recommendations as soon as we identify a significant weakness in arrangements, as opposed to reporting our conclusion on arrangements at the end of the audit cycle as has previously been the case.

### Reporting the results of the auditor's work

We currently issue you with an Annual Audit Letter which provides a summary of our work across all aspects of our audit. From 2020/21 the Annual Audit Letter will be replaced by the Auditor's Annual Report. This will continue to provide a summary of our work over the year of audit but will also include a detailed commentary on your arrangements in place to achieve economy, efficiency and effectiveness. This commentary replaces the conclusion on arrangements that was previously provided and will include details of any significant weakness identified and reported to you, follow up of any previous recommendations made, and the our view as to whether recommendations have been implemented satisfactorily.



## 6. FORWARD LOOK

### Redmond Review

In September 2020, Sir Tony Redmond published the findings of his independent review into the oversight of local audit and the transparency of local authority financial reporting. The report makes several recommendations that, if implemented, could affect both the financial statements that local authorities are required to prepare and the work that we as auditors are required to do.

The report and recommendations are wide-ranging, and includes:

- the creation of the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit;
- reviewing reporting deadlines;
- reviewing governance arrangements in local authorities, including the membership of the Audit Committee; and
- increasing transparency and reducing the complexity of local authority financial statements.

The recommendations and findings are now be considered by the Ministry of Housing, Communities and Local Government. We look forward to working with all stakeholders to implement changes to ensure the development and sustainability of local audit.

The full report is available here: <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>



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\*where permitted under applicable country laws

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# Agenda Item 5.

<b>Report to:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Executive Member / Reporting Officer:</b>	Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance
<b>Subject:</b>	<b>EXTERNAL AUDIT STRATEGY MEMORANDUM</b>
<b>Report Summary:</b>	The attached documents summarise the planned audit approach of External Audit for Tameside MBC (Appendix 1) and Greater Manchester Pension Fund (Appendix 2), highlighting significant audit risks and areas of key judgements for the accounts. The document also sets out the key communications during the course of the audit.
<b>Recommendations:</b>	Members of the Audit Panel are asked to note the contents of the External Audit Strategy memorandums.
<b>Corporate Plan:</b>	The Corporate Plan determines priorities for spending which is summarised in the 20120/21 accounts.
<b>Policy Implications:</b>	There are no direct policy implications flowing from the Statement of Accounts.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Statement of Accounts 2020/21 provide full details of the Council's financial position at 31 March 2021 and its income and expenditure for the year ended 31 March 2021. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards. The Council is required to prepare draft financial statements by 31 July 2021. These draft financial statements will be subject to external audit and approved by the Audit Panel by 30 September 2021.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	Auditors and the planned audit approach are required to ensure that the Council's accounts comply with statutory requirements. Proper practices need to be observed in compiling, verifying and reporting the Council's financial position.
<b>Risk Management:</b>	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.
<b>Access to Information:</b>	The report is to be considered in public.
<b>Background Information:</b>	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](mailto:heather.green@tameside.gov.uk)

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# Audit Strategy Memorandum

Tameside Metropolitan Borough Council

Year ending 31 March 2021

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This document is to be regarded as confidential to Tameside Metropolitan Borough Council. It has been prepared for the sole use of the Audit Panel as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Members of the Audit Panel  
Tameside Metropolitan Borough Council  
Tameside One  
Market Place  
Ashton Under Lyne  
OL6 6BH

May 2021

Dear Members of the Audit Panel

## Audit Strategy Memorandum – Year ending 31 March 2021

We are pleased to present our Audit Strategy Memorandum for Tameside Metropolitan Borough Council for the year ending 31 March 2021. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Tameside Metropolitan Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07721 234043.

Yours faithfully

Karen Murray

Mazars LLP

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# 01

Section 01:

## **Engagement and responsibilities summary**

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# 1. Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of Tameside Metropolitan Borough Council (the Council) for the year to 31 March 2021. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.



### Audit opinion

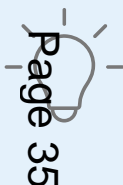
We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the Audit Panel, as those charged with governance, of their responsibilities.



### Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management, Internal Audit, and other key individuals where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.



### Going concern

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The Director of Finance is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on the appropriateness of the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.



### Value for money

We are also responsible for forming a conclusion on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



### Reporting to the NAO

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.



### Electors' rights

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 Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

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# 02

Section 02:

## Your audit engagement team

# 2. Your audit engagement team



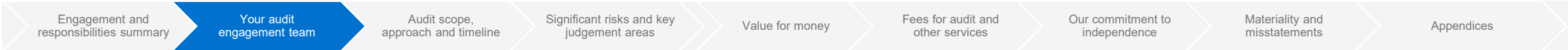
**Karen Murray**  
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# 03

Section 03:

## **Audit scope, approach and timeline**

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# 3. Audit scope, approach and timeline

## Audit scope

Our audit is designed to comply with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

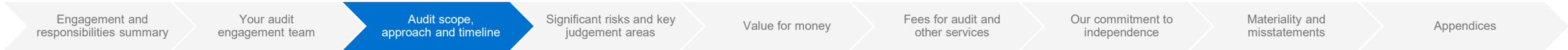
## Audit approach

Our audit approach is a risk based, primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



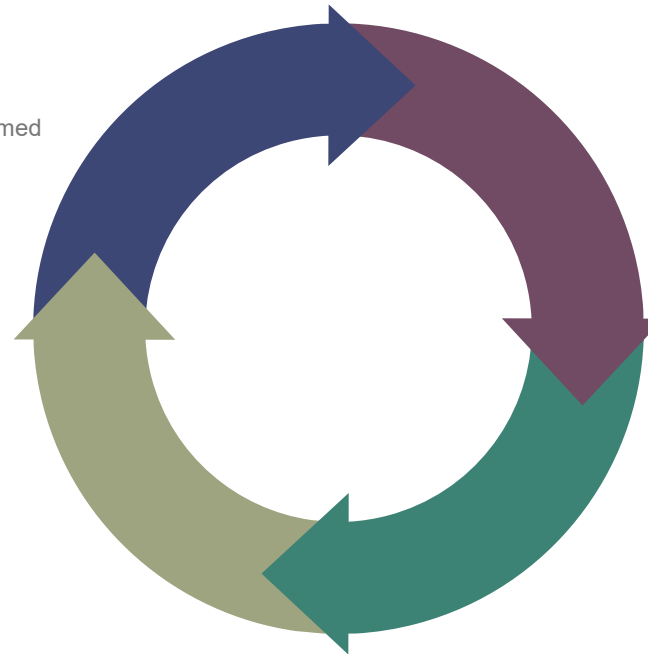
# 3. Audit scope, approach and timeline

## Planning - March / April 2021

- Planning visit and developing our understanding of the Council
- Initial opinion assessment
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

## Interim - March / April 2021

- Documenting systems and controls
- Performing walkthroughs
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary



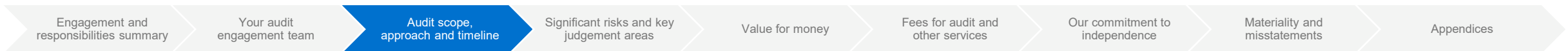
## Completion - September 2021

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Audit Panel
- Reviewing subsequent events
- Signing the auditor's reports

## Fieldwork - July / August 2021

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Tests of IT general controls
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

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# 3. Audit scope, approach and timeline

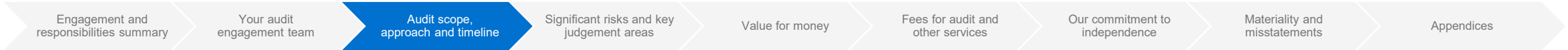
## Reliance on internal audit

We will review the work performed by internal audit to inform our risk assessment procedures. We will meet with internal audit to discuss the progress and findings of their work throughout the course of the audit.

## Management’s and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Defined benefit liability	Hymans Robertson	PwC, consulting actuary, on behalf of the National Audit Office.
Property, plant and equipment valuation (land and buildings) and investment properties	Align	We will use available third party information to challenge the key valuation assumptions. We will consider the use of an auditor valuations expert to review any complex valuations.
Investment property: valuation of Manchester Airport land	Jacobs	We have appointed an external valuation expert to review the work of Jacobs.
Financial instrument disclosures	Link Asset Services	We will review Link Asset Services’ methodology to gain assurance that the fair value disclosures of the Council’s financial assets and liabilities are materially correct.
Long term investments: valuation of shareholding in Manchester Airport Holdings Ltd	BDO	Mazars’ Financial Reporting Valuations Team.



# 04

Section 04:

## **Significant risks and other key judgement areas**

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# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

### Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

### Enhanced risk

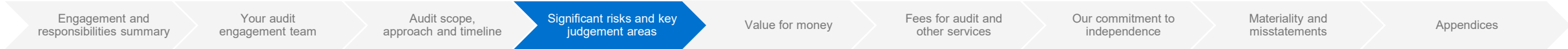
An enhanced risk is an area of higher assessed risk of material misstatement ('RMM') at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

### Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

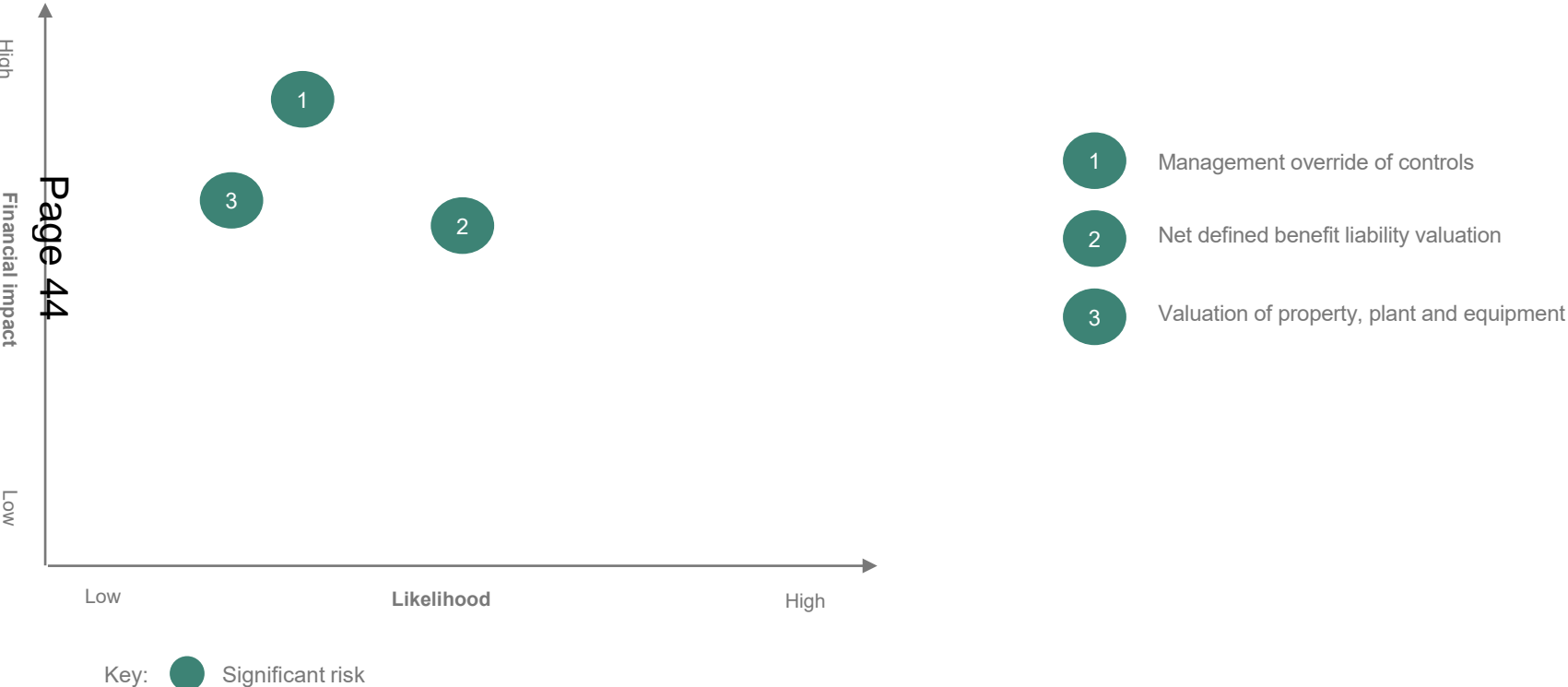
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# 4. Significant risks and other key judgement areas

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



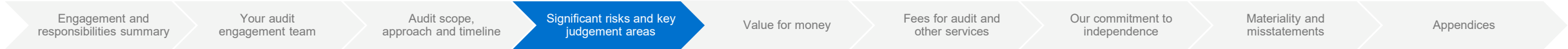
# 4. Significant risks and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Panel.

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
1  Page 45	<p><b>Management override of controls</b> This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



## 4. Significant risks and other key judgement areas

### Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
2	<p><b>Net defined benefit liability valuation</b></p> <p>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.</p> <p>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.</p> <p>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 2020/21.</p>	○	●	●	<p>As part of our work we will review the controls that the Council has in place over the information sent to the scheme Actuary, including the Council's processes and controls with respect to the assumptions used in the valuation.</p> <p>We will evaluate the competency, objectivity and independence of the scheme Actuary, Hymans Robertson.</p> <p>We will review the appropriateness of the methodology applied, and the key assumptions included within the valuation, compare them to the expected ranges, utilising the information provided by PwC, the consulting actuary engaged by the National Audit Office. We will review the methodology applied in the valuation of the liability by Hymans Robertson.</p>

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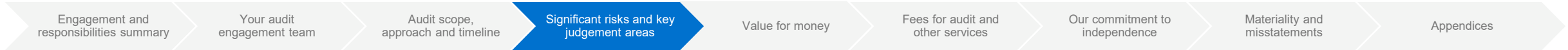
Appendices



# 4. Significant risks and other key judgement areas

## Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
Page 47	<p><b>3 Valuation of property, plant and equipment</b>                      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 over a five year cycle.</p> <p>The valuation of Property, Plant &amp; 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 which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty.</p> <p>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.</p>	○	●	●	<p>The Council has appointed Align Property Ltd as valuation expert who will be instructed to revalue the land, buildings and investment property portfolio for the year ending 31 March 2021. This will include all assets due for revaluation on the five year cycle, including investment properties and surplus assets.</p> <p>In relation to the assets which have been revalued during 2020/21 we will assess the Council’s valuers’ qualifications, objectivity and independence to carry out such valuations, and review the valuation methodology used, including testing the underlying data and assumptions.</p> <p>For assets which are not revalued, we will review and challenge management’s assessment of their valuation to ensure there is no material misstatement.</p> <p>We will review the approach that the Council has adopted to address the risk that assets not subject to valuation in the 2020/21 are materially misstated and consider the robustness of that approach in light of the valuation information reported by the Council’s valuers.</p> <p>In addition, we will consider movement in market indices between the valuation date and the year end in order to determine whether these indicate that fair values have moved materially over that time.</p>



# 4. Significant risks and other key judgement areas

## Significant risks (continued)

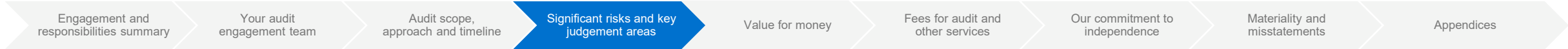
### Revenue recognition

International Standard on Auditing (ISA) 240 includes a rebuttable presumption that the fraud risk from revenue recognition is a significant audit risk.

However, we recognise the nature of revenue in local government differs significantly to the sources of income in the private sector. We also consider that there are limited incentives and opportunities to manipulate the way income is recognised in local government.

Based on our understanding of the Council's revenue streams, we have rebutted the presumption that revenue recognition is a significant risk at the Council. Our testing of revenue is focused on our standard procedures and does not incorporate specific work on the risk of fraud in recognising revenue. We will however keep the revenue recognition rebuttal under review and update Members of the Audit Panel should a change in approach be required.

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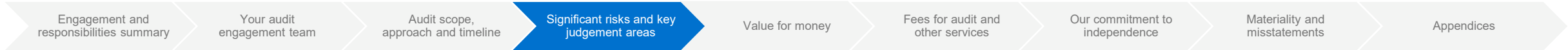


# 4. Significant risks and other key judgement areas

## Key areas of management judgement and enhanced risks

	Description	Fraud	Error	Judgement	Planned response
1	<b>Valuation of shareholding in Manchester Airport Holdings Ltd</b> The valuation of the Council's shareholding in the Airport involves judgement as it is not publicly traded.	○	●	●	We will review the work of BDO as management's expert used to value the shares held in the Airport and ensure the valuation is properly recorded in the accounts.
2	<b>Schools</b> Ensure that where schools have transferred out of the council's control, for example because of conversion to Academy status, the capital accounting entries are properly reflected in the asset register and the accounts.	○	●	●	We will review the accounting treatment for schools transferring to Academy status against the requirements of the CIPFA Code.

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# 05

## Section 05: **Value for Money**

Page 50

# 5. Value for Money

## The framework for Value for Money work

We are required to form a view as to whether the 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 view, and sets out the overall criterion and sub-criteria that we are required to consider.

The new Code of Audit Practice (the Code) has changed the way in which we report our findings in relation to Value for Money (VFM) arrangements from 2020/21. Whilst we are still required to be satisfied that the Council has proper arrangements in place, we will now report by exception in our auditor's report where we have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required us to give a conclusion on the Council's arrangements as part of our auditor's report.

Under the new Code, the key output of our work on VFM arrangements will be a commentary on those arrangements which will form part of the Auditor's Annual Report.

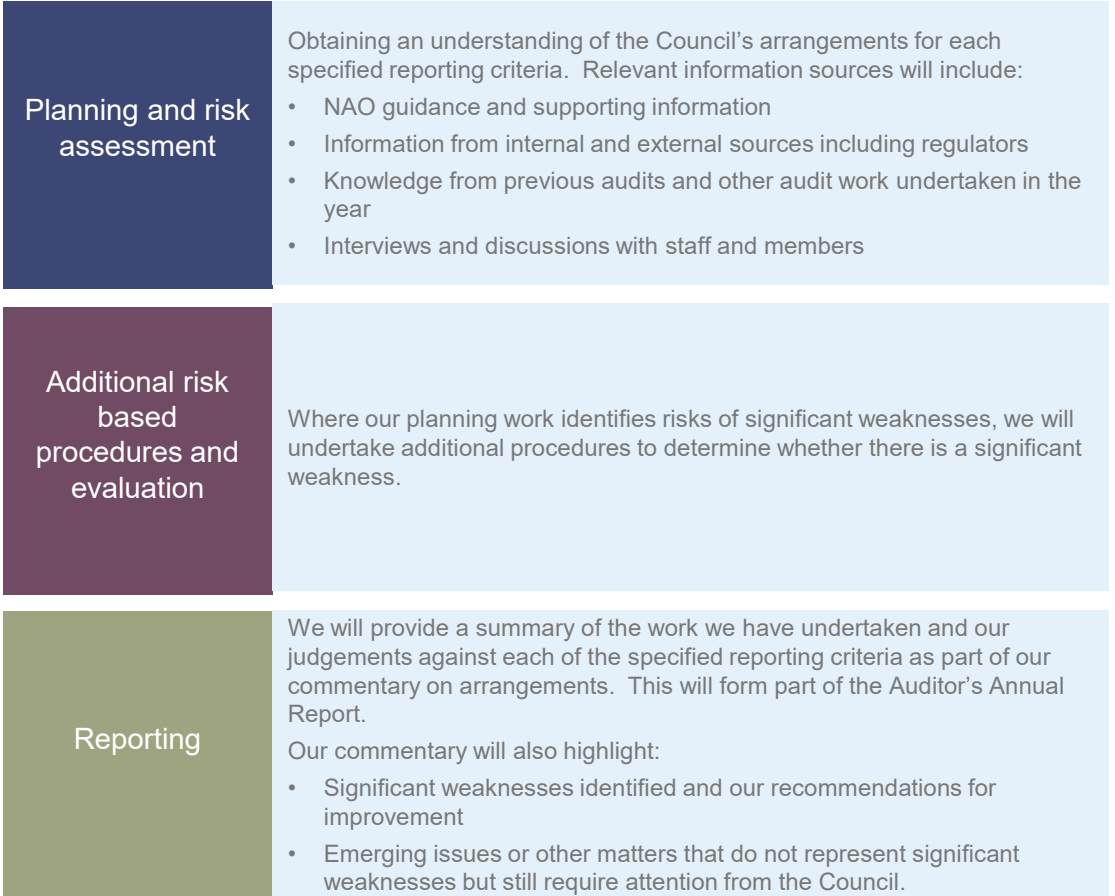
## Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

## Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.



# 5. Value for Money

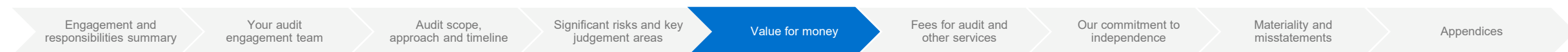
## Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Due to the late release of the NAO's Auditor Guidance Note and supporting information to auditors, we have not yet fully completed our planning and risk assessment work. We will report the results of our planning and risk assessment work to the Audit Panel in due course.

Although we have not fully completed our planning and risk assessment work, the table below outlines the risks of significant weaknesses in arrangements that we have identified to date. We will report any further identified risks to the Audit Panel on completion of our planning and risk identification work.

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
Page 52	<p><b>Financial sustainability</b> The council's medium term strategy for the period 2019/20 to 2023/24 sets out the financial challenges it faces. A balanced budget was proposed for 2020/21 after use of reserves, and delivery of targeted savings.</p> <p>The budget gap for the remainder of the medium term strategy is significant with an identified deficit of £31m by 31 March 2024, and it has been identified that the level of reserves cannot sustain this position, and that pressures resulting from the pandemic have further impacted on the Council's finances.</p> <p>The continuing challenges the Council faces are not new and are not unique to Tameside Metropolitan Borough Council. The challenges do, however, 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. Including the ability of members and management to effectively manage the savings plans and budget position.</p>	●	●	●	<p>We will review the arrangements the Council has in place for ensuring financial resilience, specifically that the medium term financial plan has taken into consideration factors such as future funding sources and levels, levels of other income, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors.</p> <p>We will also review the arrangements in place to monitor progress delivering the 2020/21 budget and related savings plans, and how the Council proposes to address the cumulative deficit over the medium term as well as reviewing the decisions and actions taken / progress made against these plans.</p>



# 06

Section 06:

**Fees for audit and other services**

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## 6. Fees for audit and other services

### Fees for work as the Council's appointed auditor

Details of the 2019/20 actual and planned 2020/21 fees are set out below:

Area of work	2020/21 Fees	2019/20 Actual Fee
Scale audit fee	£80,863	£80,863
<i>Fee variations:</i>		
Additional Testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	£13,050 <sup>1</sup>	£13,050
Additional testing as a result of the implementation of new auditing standards: ISA 200 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	£2,000 <sup>2</sup>	-
Other additional costs	TBC	£7,150 <sup>3</sup>
<b>Sub-total</b>	<b>£95,913</b>	<b>£101,063</b>
Additional work arising from the change in the Code of Audit Practice	Expected to be at least £10,000 <sup>4</sup>	-
<b>Total</b>	<b>£105,913 <sup>5</sup></b>	<b>£101,063</b>

<sup>1</sup> As reported to you in our Annual Audit Letter, the scale fee has been adjusted to take into account the additional work required as a result of increased regulatory expectations in these areas.

<sup>2</sup> For 2020/21, new auditing standards have been introduced which will lead to additional audit work not reflected in the scale fee. The implementation of IFRS 16 Leases is deferred to the financial year 2021/22.

<sup>3</sup> The additional audit cost in 2019/20 mainly relates to additional testing and reporting of uncertainties in key estimates as a result of Covid-19 and work undertaken in respect of our value for money conclusion.

<sup>4</sup> As explained in section 5, the revised Code of Audit Practice will lead to a substantial amount of additional audit work to support the new value for money conclusion and the changes in reporting requirements. Our review of the Code and supporting guidance notes shows that the additional fee impact at all public sector entities is expected to be at least £10,000. The final fee will take into account the extent and complexity of any significant weaknesses in arrangements we identify, and any further guidance issued by the National Audit Office about the work required.

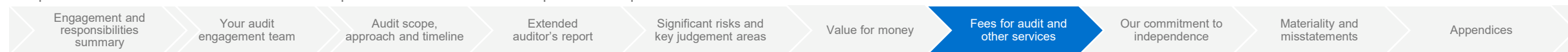
<sup>5</sup> This is a proposed fee for 2020/21 at the point of the issue of our ASM. This figure is subject to change and additional costs will be discussed with management.

PSAA have issued a consultation on the 2021/22 audit fee scale. We will revisit our fee proposal in line with the outcome of this consultation to ensure we are consistent with sector wide changes.

### Fees for non-PSAA work

We have not been engaged by the Council to carry out any additional work over and above the Council's statutory audit.

Should we be engaged to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.





# 07

Section 07:

**Our commitment to independence**

Page 55

# 7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC’s Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

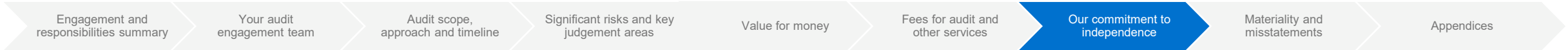
We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- Partners and staff are required to complete an annual independence declaration;
- New partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- Rotation policies covering audit engagement partners and other key members of the audit team; and
- Use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Karen Murray in the first instance.

Prior to the provision of any non-audit services, Karen will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence. \*\*Included in this assessment is consideration of Auditor Guidance Note 01 as issued by the NAO, and the PSAA Terms of Appointment.\*\*

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



# 08

Section 08:

## **Materiality and other misstatements**

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# 8. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	11,973
Performance materiality	8,381
Specific materiality for Senior Officers Remuneration	5
Trial threshold for errors to be reported to the Audit Panel	359

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### Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- Will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

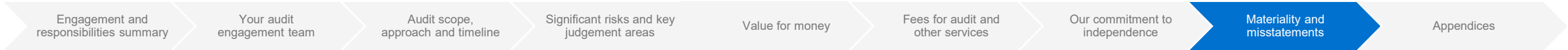
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross revenue expenditure. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Panel.

We consider that gross revenue expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



# 8. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 2% of gross revenue expenditure. Based on the reported gross revenue expenditure within the 2019/20 audited accounts, we anticipate the overall materiality for the year ending 31 March 2021 to be in the region of £12m (£12m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 70% of overall materiality as performance materiality.

## Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Panel that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our

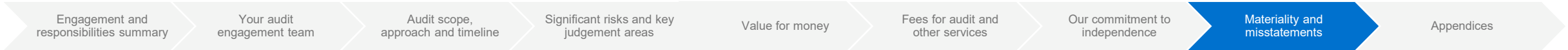
preliminary assessment of overall materiality, our proposed triviality threshold is £0.4m based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Karen Murray.

## Reporting to the Audit Panel

The following three types of audit differences will be presented to the Audit Panel:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

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## Appendix: Key communication points

# Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum; and
- Our Audit Completion Report.

These documents will be discussed with management prior to being presented to yourselves and their contents will be incorporated as appropriate.

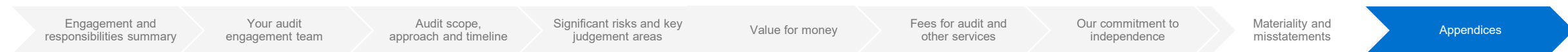
## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;

- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

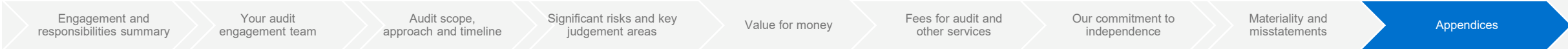


# Appendix: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to fraud communications: <ul style="list-style-type: none"> <li>• Enquiries of the Audit Panel to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit Planning and Clearance meetings, Audit Completion Report and discussion at Audit Panel meetings.
With respect to misstatements: <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report

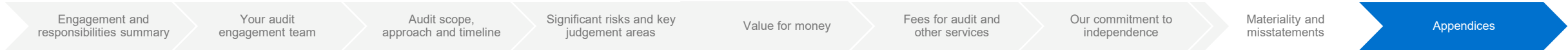
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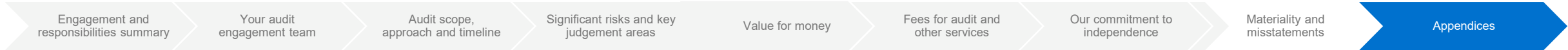
# Appendix: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit Panel in the context of fulfilling their responsibilities.</li> </ul>	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during the audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>



# Appendix: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Panel may be aware of.	Audit Completion Report and the Audit Panel meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report



# Contact

## Mazars

One St. Peter's Square

Manchester

M2 3DE

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

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# Audit Strategy Memorandum

## Greater Manchester Pension Fund

Year ended 31 March 2021

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- 02 Your audit engagement team
- 03 Audit scope, approach and timeline
- 04 Significant risks and other key judgement areas
- 05 Fees for audit and other services
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- 07 Materiality and misstatements
- A Appendix – Key communication points

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This document is to be regarded as confidential to Greater Manchester Pension Fund. It has been prepared for the sole use of the Audit Panel as those charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Members of the Audit Panel  
Greater Manchester Pension Fund,  
Guardsman Tony Downes House,  
5 Manchester Road,  
Droylsden,  
M43 6SF

24 May 2021

Dear Sirs / Madams,

## Audit Strategy Memorandum – Year ended 31 March 2021

We are pleased to present our Audit Strategy Memorandum for Greater Manchester Pension Fund for the year ended 31 March 2021. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 6 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Greater Manchester Pension Fund which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07721 234043.

Yours faithfully

Karen Murray

Mazars LLP

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

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861. VAT number: 839 8356 73

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

# 01

Section 01:

## **Engagement and responsibilities summary**

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# 1. Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of Greater Manchester Pension Fund (the Fund) for the year to 31 March 2021. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.



### Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or the Audit Panel, as those charged with governance, of their responsibilities.



### Consistency report

We are required to form and express an opinion on the consistency of the financial statements within the Fund's annual report and the Fund's financial statements included in the Statement of Accounts of Tameside Metropolitan Borough Council.



### Going concern

The Fund is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The Director of Finance is responsible for the assessment of whether it is appropriate for the Fund to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on the appropriateness of the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.



### Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management, Internal Audit, and other key individuals where relevant as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.



### Electors' rights

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 Tameside Metropolitan Borough Council and consider any objection made to the accounts. This would include an objection made to the accounts of the Fund included in the administering authority's financial statements. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom

Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

Significant risks and key judgement areas

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendix


# 02

Section 02:

## Your audit engagement team


# 2. Your audit engagement team

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**Karen Murray**  
Audit Partner

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Telephone: 07721 234043



**Alastair Newall**  
Senior Audit Manager

Email: alastair.newall@mazars.co.uk  
Telephone: 07909 986776



**Ian Gilroy**  
Audit Senior

Email: ian.gilroy@mazars.co.uk  
Telephone: 07580 999137

In addition, an engagement quality control reviewer has been appointed for this engagement.



# 03

Section 03:

## **Audit scope, approach and timeline**

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# 3. Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

## Audit approach

Our audit approach is a risk based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in Section 7.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



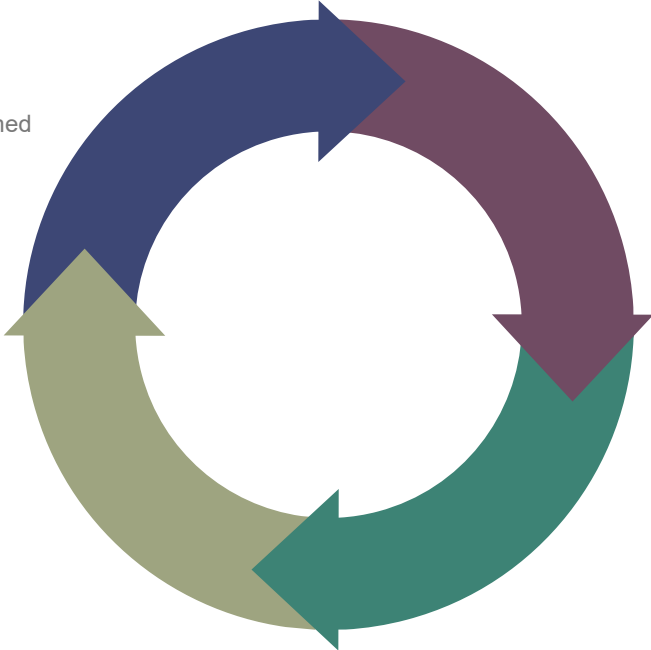
# 3. Audit scope, approach and timeline

## Planning - March / April 2021

- Planning visit and developing our understanding of the Fund
- Initial opinion assessment
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

## Interim - March / April 2021

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary



## Completion – August 2021

- Final review and disclosure checklist of financial statements
- Final partner and EQCR review
- Agreeing content of letter of representation
- Reporting to the Audit Panel
- Reviewing subsequent events
- Signing the auditor’s reports

## Fieldwork – June / July 2021

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

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# 3. Audit scope, approach and timeline

## Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

## Management’s and our experts

Management makes use of experts in specific areas when preparing the Fund’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Disclosures on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson	NAO Consulting Actuary: PwC
Valuation of unquoted investments not traded on active markets	Investment managers and Custodian	At this stage we do not plan on engaging an auditor’s expert, but will carry out the work within the audit team. If investments are unusual or complex then we may engage such an expert.

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Fund that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Fund and our planned audit approach.

Items of account	Service organisation	Audit approach
Quoted investment valuations	Investment Fund managers and Custodian	Substantive procedures
Unquoted investment valuations and related disclosures	Investment managers and relevant organisations that provide valuations of unquoted investments	Substantive procedures
Stock lending including information used for the stock lending disclosure note	Custodian	Substantive procedures



# 04

Section 04:

## **Significant risks and other key judgement areas**

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# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

### Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

### Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement (‘RMM’) at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

### Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

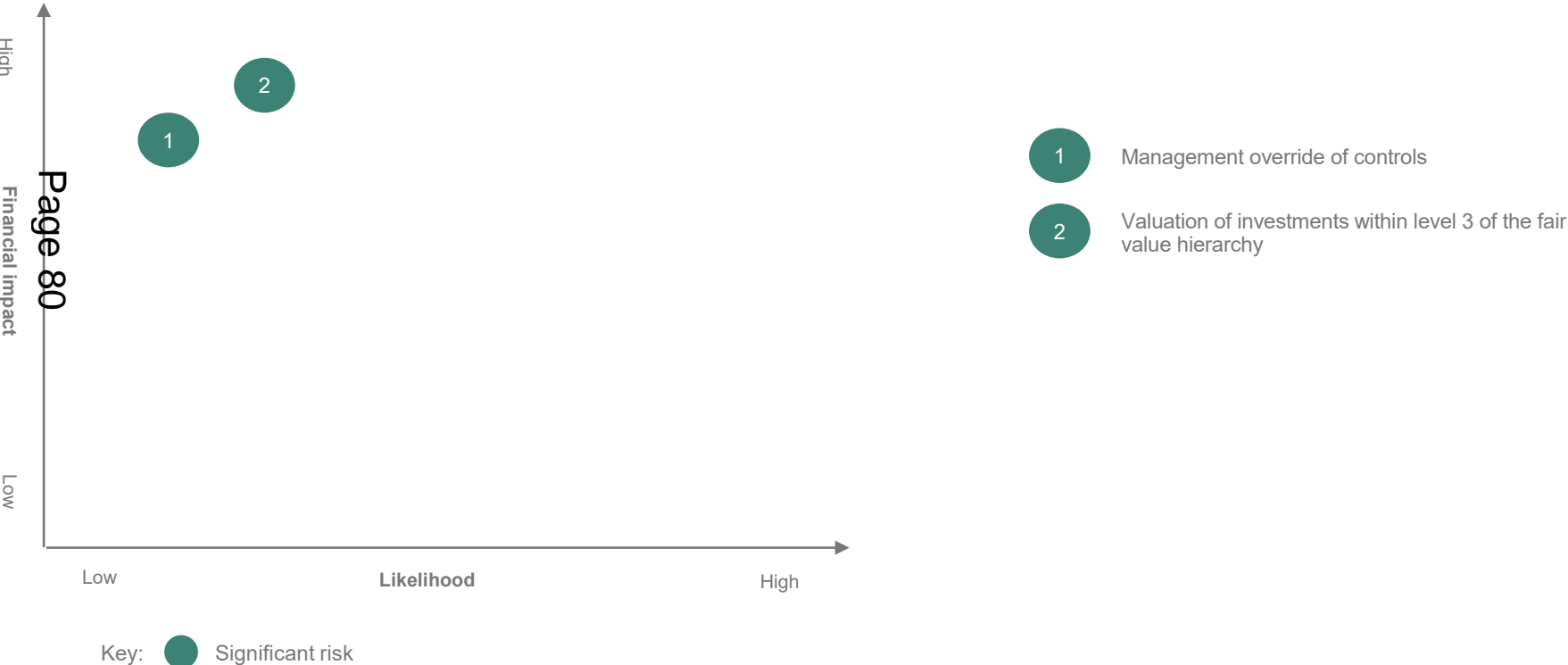
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# 4. Significant risks and other key judgement areas

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Fund. We have summarised our audit response to these risks on the next page.



# 4. Significant risks and other key judgement areas

## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Panel.

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
1 Page 81	<p><b>Management override of controls</b>                      This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. 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 there is a risk of material misstatement due to fraud on all audits.</p>	●	○	○	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.



# 4. Significant risks and other key judgement areas

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
Page 82	<p><b>2 Valuation of investments within level 3 of the fair value hierarchy</b></p> <p>As at 31 March 2020, the fair value of investments within level 3 of the fair value hierarchy was £5.6bn, which accounted for approximately 25 per cent of net investment assets. We anticipate a similar proportion of the Fund’s assets to be unquoted at 31 March 2021. Level 3 assets are those assets whose value is based on unobservable inputs, and consequently the estimation uncertainty for these assets is more significant than for assets valued at level 1 and 2.</p>	○	●	●	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the skills, experience and qualifications of any external valuers used by the Pension Fund, and considering the appropriateness of the Pension Fund’s instructions to those valuers.</li> <li>• Obtaining an understanding of the basis of valuation applied in the year.</li> <li>• Agreeing the valuation of a sample of investments to supporting documentation including investment manager valuation statements and cash flow adjustments; and</li> <li>• Agreeing the valuation of a sample of investments to unqualified audited accounts or other independent supporting documentation, where available.</li> </ul> <p>Although not directly related to the identified significant risk, we will also review the Fund’s classification of assets in the fair value hierarchy.</p>

### Revenue recognition

We have considered the presumed risk of fraud under ISA (UK) 240 in relation to revenue recognition and have concluded that there is little incentive or opportunity to manipulate revenue at the Fund. We have therefore concluded that we can rebut this presumed risk and our testing of revenue will be at a standard risk. We have therefore not incorporated specific risk procedures over and above our standard fraud procedures to address the management override of controls risk.

### Other key areas of management judgement and enhanced risks

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement Other than those reflected in the table above we have not identified any such judgements, and we have not identified any enhanced risks.



# 05

Section 05:

**Fees for audit and other services**

Page 83

# 5. Fees for audit and other services

## Fees for work as the Fund's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA as communicated in our fee letter.

Area of work	2020/21 Proposed Fee	2019/20 Planned Fee
Code Audit Work	£43,383	£43,383

### Fees for pension assurance

The fee for Code Audit Work does not include fees chargeable to the Fund for pension assurance work undertaken at the request of employer auditors for the year ended 31 March 2021. The total fees chargeable for this assurance were approximately £30,000 in 2019/20. It is expected that the Fund will recharge these fees to the relevant employers. This approach is in line with the PSAA Terms of Appointment and the expectation within NAO's AGN04 General Guidance Supporting Local Audit.

## Fees for non-PSAA work

We have not been engaged by the Pension Fund to carry out any additional work separate from our delivery of the NAO Code of Practice audit work. Before agreeing to undertake any additional work we will consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 6.



# 06

Section 06:

**Our commitment to independence**

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# 6. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC’s Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- Partners and staff are required to complete an annual independence declaration;
- New partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- Rotation policies covering audit engagement partners and other key members of the audit team; and
- Use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Karen Murray in the first instance.

Prior to the provision of any non-audit services Karen will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence. Included in this assessment is consideration of Auditor Guidance Note 01 as issued by the NAO, and the PSAA Terms of Appointment.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.





# 07

Section 07:

## **Materiality and other misstatements**

Page 87

# 7. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold £m
Overall materiality	220.3
Performance materiality	176.24
Specific overall materiality applicable to the Fund Account	86.0
Specific performance materiality applicable to the Fund Account	68.8
Trial threshold for errors to be reported to the Audit Panel	6.609

## Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- Will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of net assets. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Panel.

We consider that net assets remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



# 7. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 1% of net assets. Based on the reported net assets of the Fund at 31 March 2020, the initial overall materiality level for the year ended 31 March 2021 is £220.3m (£238m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level. Based on our knowledge and discussions with the Fund we expect that the benchmark (net assets) will be higher at the year ended 31 March 2021 and we expect that the final materiality level, based on the 2020/21 financial statements will be correspondingly higher than this initial level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

## Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Panel that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the

accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £6.609m based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Karen Murray.

## Reporting to the Audit Panel

The following three types of audit differences will be presented to the Audit Panel:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





## Appendix: Key communication points

# Appendix: Key communication points

We value communication with Those Charged With Governance as a two-way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you. Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum; and
- Our Audit Completion Report.

These documents will be discussed with management prior to being presented to yourselves and their committees will be incorporated as appropriate.

## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Engagement and responsibilities summary

Your audit engagement team

Audit scope, approach and timeline

Significant risks and key judgement areas

Fees for audit and other services

Our commitment to independence

Materiality and misstatements

Appendix

# Appendix: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to fraud communications: <ul style="list-style-type: none"> <li>• Enquiries of the Audit Panel to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit Planning and Clearance meetings, Audit Completion Report and discussion at Audit Panel meetings.
With respect to misstatements: <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report

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# Appendix: Key communication points

Required communication	Where addressed
Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit Panel in the context of fulfilling their responsibilities.</li> </ul>	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report



# Appendix: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Panel may be aware of.	Audit Completion Report and the Audit Panel meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report





# Contact

## Mazars

One St. Peter's Square

Manchester

M2 3DE



Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

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# Agenda Item 6.

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
<b>Subject:</b>	<b>EXTERNAL AUDITORS ASSURANCE REPORT 2020/21</b>
<b>Report Summary:</b>	Mazars, the Council's External Auditors, as part of their risk assessment procedures, are required to obtain an understanding of management processes in relation to fraud risk assessment, laws and regulations and going concern considerations as part of their annual audit. Their report presents the response to the letters and questionnaires received from Mazars for consideration by the Panel ahead of the document being signed by the Chair of the Panel and the Director of Finance.
<b>Recommendations:</b>	That members comment and challenge the responses detailed in <b>Appendix 1</b> and <b>Appendix 2</b> , so that the schedules can be signed by both the Chair of the Audit Panel and the Director of Finance ahead of them being provided to Mazars.
<b>Corporate Plan:</b>	The Report demonstrates the Council is committed to high levels of Corporate Governance.
<b>Policy Implications:</b>	External audit of the Council supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications:</b> (Authorised by the statutory Section 151 Officer and Chief Finance Officer)	There are no direct financial implications.
<b>Legal Implications:</b> (Authorised by the Borough Solicitor)	There are no direct legal implications which require addressing in this report. This report demonstrates compliance with the required auditing standards.
<b>Risk Management:</b>	Ensuring that the Council meets the required standards in terms of management assurance in relation to fraud risk assessment, laws and regulations and going concern considerations supports corporate governance objectives and ensures risk is minimised.
<b>Access to Information:</b>	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: <a href="mailto:wendy.poole@tameside.gov.uk">wendy.poole@tameside.gov.uk</a>

## 1 INTRODUCTION

- 1.1 To comply with International Auditing Standards, Mazars need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with the law and regulation. They are also required to make inquiries of both management and the Governing Body as to their knowledge of any actual, suspected or alleged fraud.
- 1.2 International Auditing Standards also place certain obligations on auditors to document management's view on some key areas affecting the financial statements.
- 1.3 The three specific areas covered are Fraud Risk Assessment, Law and Regulation and Going Concern Considerations.

## 2 ASSURANCE FROM AUDIT PANEL CHAIR AND MANAGEMENT

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

- How do you exercise oversight of management's processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
  - communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct); and
  - communicating to you the processes for identifying and responding to fraud or error.
- How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2019/20? If so, please provide details.
- How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2020/21? If so, please provide details.
- Are you aware of any actual or potential litigation or claims that would affect the financial statements? If so, please provide details.
- Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern? If so, please provide details.

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

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

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

- What processes are in place at the Council to:
  - undertake an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
  - identify and respond to risks of fraud;

- communicate to employees the Council's views on business practice and ethical behaviour (for example by updating, communicating and monitoring against relevant codes of conduct); and
- communicate to the Audit Panel the processes for identifying and responding to fraud or error.
- How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2020/21?
- Are there any actual or potential litigation or claims that would affect the financial statements?
- What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships. For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2021.

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

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

### **3 RECOMMENDATION**

3.1 As set out on the front of the report.

# APPENDIX 1

## ASSURANCE PROVIDED BY THOSE CHARGED WITH GOVERNANCE

Ref	Question	Management response
1	How do you exercise oversight of management's processes in relation to undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)?	<p>The Council has assessed the risk of material misstatement in the financial accounts and to mitigate the risks has put in place: -</p> <p>Systems of internal control which are tested by Internal Audit on a cyclical basis. Acceptable controls were in place in the majority of the systems reviewed.</p> <p>The Council has an experienced Finance Team in place and the financial statements are prepared in accordance with an agreed action plan and checks and balances are incorporated into the process. Regular monitoring is undertaken, monthly for revenue and quarterly for capital which highlights any deviations from budget. Cost Centre Managers have to comment on all under/overspends.</p> <p>A report was presented to the Audit Panel on 16 March 2021 setting out the accounting policies and estimates for 2020/21 accounts, covering; the proposed accounting policies, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts.</p>
2	How do you exercise oversight of management's processes in relation to identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist?	<p>Within Internal Audit a dedicated resource is available to respond to all fraud referrals.</p> <p>The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively.</p> <p>Attendance at seminars and fraud groups to ensure that learning is shared and participation in Webinars.</p> <p>The CIPFA Fraud and Corruption Tracker Report and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA's TIS Online and the Better Governance Forum.</p> <p>All fraud cases are reported in summary to the Audit Panel and in detail to the Monitoring Officer and Section 151 Officer.</p> <p>Financial systems are reviewed on a regular basis and high risk areas highlighted from available fraud reports and other intelligence are built into the audit planning process.</p> <p>The learning from frauds is built into audit programmes to ensure that checks undertaken are responsive to issues identified.</p> <p>Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment and this is followed up with a Post Audit Review to ensure agreed actions have been implemented.</p>

Ref	Question	Management response
3	<p>How do you exercise oversight of management's processes in relation to communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct)?</p>	<p>Contract Terms and Conditions and Partnership agreements are in place.</p> <p>Articles published in the Wire, Chief Executive's Brief and on the staff portal. Manager Team briefings. Code of Conduct in place and on the staff portal. Employment contracts, job descriptions and person specifications and induction.</p> <p>Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent on the staff portal and the public website.</p> <p>Whistleblowing policy in place.</p> <p>Professional staff (e.g. Accountants, Solicitors, Auditors and Social Workers) are also bound by codes of ethics issued by their professional bodies.</p>
4	<p>How do you oversee management processes in relation to communicating to you the processes for identifying and responding to fraud or error?</p>	<p>Progress reports are presented to the Audit Panel by the Head of Risk Management and Audit and these details work undertaken in relation to Fraud.</p> <p>The results of the National Fraud Initiative NFI which cover both Fraud and error are also reported by the Head of Risk Management and Audit.</p>
5	<p>How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?</p> <p>Are you aware of any breaches of internal control during 2020/21? If so, please provide details?</p>	<p>The Head of Risk Management and Audit reports to every Audit Panel and the reports contain an update on fraud cases. The Panel receives and approves the Fraud Response Plan, Internal Audit Strategy and Charter.</p> <p>All fraud investigations are regularly reported to the Monitoring Officer and the Section 151 Officer.</p> <p>The Annual Governance Statement is presented to the Audit Panel and the process involves that all Directors sign an Assurance Statement and complete a Self-Assessment Checklist to confirm that internal controls have been in place in their Directorate during the year.</p> <p>Where control weaknesses are identified as part of an Internal Audit or investigation recommendations to improve the control environment are included in an Action Plan included in the Final Report.</p>
6	<p>How do you gain assurance that all relevant laws and regulations have been complied with?</p> <p>Are you aware of any instances of non-compliance during 2020/21? If so, please provide details?</p>	<p>The Annual Governance Statement (AGS) and the associated assurance framework is presented to the Audit Panel, where Directors sign an Assurance Statement which covers that laws and regulations have been complied with.</p> <p>All reports presented to Council, Executive Cabinet, Board and Panels are reviewed by Legal to ensure the legal implications have been fully considered.</p> <p>Significant issues identified by Internal Audit would be highlighted in the Annual Report/Progress Reports by the Head of Risk Management and Audit.</p> <p>No</p>

Ref	Question	Management response
7	<p>Are you aware of any actual or potential litigation or claims that would affect the financial statements?</p> <p>If so, please provide details?</p>	<p>The Council holds an internal insurance reserve which is actuarially assessed annually for appropriateness after taking into account insurance claims activity. An insurance portfolio is in place for all major insurance covers, which is also reviewed annually.</p> <p>We have procured Insurance Brokers to provide independent advice and the Insurance Team receive regular industry bulletins keeping them up to date with new claim trends, litigation judgements and risk mitigation strategies.</p> <p>Litigation not covered by the Council's insurers is dealt with in-house by the Borough Solicitor and her Legal Team, who will assess cases on their merits, and ensure the appropriate level of expertise is employed, also ensuring that any potentially large claims are reflected appropriately in the Council's contingency arrangements. If it is assessed that a liability is likely to arise from litigation or claims, then an appropriate sum would be included in the financial statements.</p>
8	<p>Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern?</p> <p>If so, please provide details?</p>	<p>This is led by the Director of Finance (Section 151 Officer) and the Head of Paid Service (Chief Executive).</p> <p>This is undertaken through the budget planning process to ensure the ongoing sustainability of the Council and the budget, along with the Section 151's assessment of the robustness of the budget, is approved by Full Council.</p> <p>The Council is assessed as being a going concern.</p> <p>The Budget Report and MTFP are prepared in full consultation with the Single Leadership Team and Executive Cabinet with best estimates of the likely expenditure requirements and the resources available. This allows the Council to rigorously assess that the Council continues to be a going concern.</p> <p>Both Capital and Revenue monitoring continues throughout the year to provide reassurance of its belief. Regular reappraisal of the MTFP takes place together with a daily review of the cash flow.</p> <p>A review of the adequacy of reserves is undertaken by the Director of Finance (Section 151 Officer) each year, and included in the annual budget report.</p> <p>The Council is currently facing a significant financial challenge in response to the Coronavirus Pandemic and has introduced more rigorous challenge into the Budget Monitoring Process and has brought the budget preparation timetable for 2022/23 forward. Financial modelling is ongoing to present the financial health of the Council to Senior Officers and Members.</p> <p>Savings Targets for 2021/22 have been agreed and these are being monitored by the Single Leadership Team and Board. Template forms were introduced to capture consistent data from Directorates to record savings. This process is being</p>



Ref	Question	Management response																																
		replicated for 2022/23 and the first draft of savings targets is being considered by SLT and Board in June 2021. Board have also requested a number of “Deep Dives” to gain an understanding of specific issues and to add challenge. For 2021/22, Directors have been informed by the Chief Executive that savings must be achieved and if the identified saving is not delivered it must be mitigated with alternative savings from within the Directorate.																																
9	Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2020 – 31 March 2021 (if ‘yes’, please provide details)?	Internal Audit has investigated several allegations of fraud and these are reported to both the Monitoring Officer and Section 151 Officer on a regular basis and the Audit Panel. Investigations are ongoing in respect of 36 cases, including a number of Adult Social Care and Business Support Grant Frauds.																																
10	Do you suspect fraud may be occurring within the organisation?	<p>All reported allegations are considered by Internal Audit and either investigated or assistance is provided to management.</p> <p>All cases are reported to the Audit Panel and the Monitoring Officer and the Section 151 Officer by the Head of Risk Management and Audit.</p> <p>During 2020/21, 30 cases have been dealt with by Internal Audit. 14 Cases were considered to warrant an investigation and in 16 cases assistance was provided to management. The Tables below provides details of the cases for 2020/21.</p> <p>Significant work has been undertaken in respect COVID-19 Business Support Grants.</p> <table border="1"> <thead> <tr> <th>Fraud Cases</th> <th>No. of Cases</th> </tr> </thead> <tbody> <tr> <td>Cases b/Forward from 2019/20</td> <td>8</td> </tr> <tr> <td>Current Year Referrals</td> <td>90</td> </tr> <tr> <td><b>Total</b></td> <td><b>98</b></td> </tr> <tr> <td>Cases Closed</td> <td>62</td> </tr> <tr> <td>Cases still under Investigation</td> <td>36</td> </tr> <tr> <td><b>Total</b></td> <td><b>98</b></td> </tr> <tr> <td>Assistance Cases</td> <td>27</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Fraud Type</th> <th>No. of Cases</th> </tr> </thead> <tbody> <tr> <td>Adult Social Care</td> <td>8</td> </tr> <tr> <td>Business Support Grant Frauds</td> <td>78</td> </tr> <tr> <td>Children’s Social Care</td> <td>3</td> </tr> <tr> <td>Council Tax/Blue Badge</td> <td>4</td> </tr> <tr> <td>Pensions/ Procurement</td> <td>2</td> </tr> <tr> <td>Theft/Other</td> <td>3</td> </tr> <tr> <td></td> <td><b>98</b></td> </tr> </tbody> </table> <p>Where appropriate learning from irregularity investigations is shared across the Council and with schools.</p>	Fraud Cases	No. of Cases	Cases b/Forward from 2019/20	8	Current Year Referrals	90	<b>Total</b>	<b>98</b>	Cases Closed	62	Cases still under Investigation	36	<b>Total</b>	<b>98</b>	Assistance Cases	27	Fraud Type	No. of Cases	Adult Social Care	8	Business Support Grant Frauds	78	Children’s Social Care	3	Council Tax/Blue Badge	4	Pensions/ Procurement	2	Theft/Other	3		<b>98</b>
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Ref	Question	Management response
11	<p>Have you identified any specific fraud risks within the Council?</p>	<p>Within Internal Audit a dedicated resource is available to respond to all fraud referrals.</p> <p>The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively.</p> <p>Attendance by officers at seminars, fraud groups and participation in Webinars ensures that learning is shared and intelligence is obtained.</p> <p>The CIPFA Fraud and Corruption Tracker Report and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA's TIS Online and the Better Governance Forum.</p> <p>All fraud cases are reported to the Monitoring Officer and Section 151 Officer.</p> <p>Financial systems are reviewed on a regular basis.</p> <p>The high risk areas highlighted from available fraud reports and other intelligence are built into the audit planning process.</p> <p>The learning from frauds is built into audit programmes to ensure that checks undertaken are responsive to issues identified.</p> <p>Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment and this is followed up with a Post Audit Review to ensure agreed actions have been implemented.</p>
12	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively (if 'yes', please provide details)?</p> <p>If not where are the risk areas?</p>	<p>Managers are responsible for implementing systems of internal control and this is confirmed annually in the Assurance Statement and Self-Assessment Checklist completed by each Director as part of the Annual Governance Statement process.</p> <p>Internal controls are reviewed by Internal Audit using a risk based audit plan and a standardised system of internal audit. Each audit is concluded by the production of a Final Report which details the recommendations made in terms of any system weaknesses and includes the management response together with a named responsible officer and deadline date. A Post Audit Review is undertaken 6 months (3 months where a low level of assurance is given) after the final is issued to ensure that all recommendations have been implemented. Any significant issues would be reported to the Audit Panel.</p> <p>At the conclusion of a fraud/irregularity investigation a control report is produced making recommendations to systems and again the report includes management responses, a named officer and a deadline date. A Post Audit Review is also conducted to ensure the recommendations have been implemented.</p>

Ref	Question	Management response
		<p>As the organisation moves to flatter structures and smaller teams; the audit team has to be responsive to the effects of these changes on the traditional controls like segregation of duties and look for compensating controls/automatic system controls to ensure that the control environment is not adversely affected and the Council put at risk.</p> <p>Resources are identified in the Annual Audit Plan to provide advice and support to managers and Internal Audit deal with a number of requests annually to assess changes in process and procedures to ensure internal controls are protected.</p>
13	How do you encourage staff to report their concerns about fraud?	<p>Fraud Response Plan and Whistleblowing Policy in place and available on the intranet/internet.</p> <p>During 2020/2021, 90 new cases which led to an investigation were reported to Internal Audit. 78 of which related to COVID-19 Business Support Grants Fraud.</p>
14	What concerns about fraud are staff expected to report?	The Whistleblowing Blowing Policy encourages staff to report any concerns of wrongdoing.
15	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	No
16	How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Members are required to make annual declarations of interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is undertaken by the Finance Team as part of the preparation of the annual financial statements.
17	Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No
18	Are there particular balances in the accounts where fraud is more likely to occur?	No
19	Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	No

Ref	Question	Management response
20	Could a false accounting entry escape detection? If so, how?	The potential for a false accounting entry to escape detection is considered to be very low due to the segregation of duties and compensating controls, reconciliations and review processes in place across all financial systems. A false accounting entry would require collusion between a number of officers across different teams and is therefore considered to be extremely unlikely.
21	Are there any external fraud risk factors, such as collection of revenues?	Payment systems are considered to present more risks as they are open to external risk factors like the bank mandate fraud.
22	Are you aware of any organisational or management pressure to meet financial or operating targets?	No
23	Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No pressure is being applied or incentives offered to meet financial or operating targets. All senior officers within the Finance Team are members of professional bodies and bound by a code of ethics.
24	What arrangements has the Council put in place in response to the Bribery Act 2010?	The Council has put in place guidance for Managers and Employees which is available on the Staff Portal.

Signed:

Signed:

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

Councillor Jack Naylor  
Chair of Audit Panel  
Date:

## APPENDIX 2

### UNDERSTANDING MANAGEMENT PROCESSES AND ARRANGEMENTS

	Question	Management Response
1	What processes are in place at the Council to undertake an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)?	<p>The Council has assessed the risk of material misstatement in the financial accounts and to mitigate the risks has put in place: -</p> <p>Systems of internal control which are tested by Internal Audit on a cyclical basis. Acceptable controls were in place in the majority of the systems reviewed.</p> <p>The Council has an experienced Finance Team in place and the financial statements are prepared in accordance with an agreed action plan and checks and balances are incorporated into the process. The training and development of the Finance Team is reviewed by the Assistant Director of Finance and CPD is regulated by professional bodies. All Business Partners and senior finance staff have undertaken Business Partner training delivered by CIPFA and are undertaking the Certificate in Finance Business Partnering.</p> <p>Regular monitoring is undertaken quarterly for both revenue and capital which highlights any deviations from budget. Cost Centre Managers have to comment on all under/overspends.</p> <p>A report was presented to the Audit Panel on 16 March 2021 setting out the accounting policies and estimates for 2020/21 accounts, covering; the proposed accounting policies, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts.</p>
2	What processes are in place at the Council to identify and respond to risks of fraud?	<p>Within Internal Audit a dedicated resource is available to respond to all reported fraud. The arrangements in place have been measured against CIPFA's Code of Practice - Managing the Risk of Fraud and Corruption and are compliant.</p> <p>Intelligence is obtained from numerous fraud websites, from NAFN Data and Intelligence Services which is hosted by Tameside MBC and the North West Chief Audit Executives Fraud Sub Group.</p> <p>A Whistleblowing Policy is available on Council's Website and the Intranet for staff/public to raise concerns and whistleblowing referrals are received.</p> <p>Participation in the National Fraud Initiative Data Matching Exercises which are conducted every 2 years.</p>
3	What processes are in place at the Council to communicate to employees the Council's views on business practice and ethical behaviour (for example by updating, communicating and	<p>Articles in Live Wire Chief Executive's Brief Team Briefs Contracts of Employment/Codes of Conduct Gifts and Hospitality Protocol</p> <p>Professional staff are also bound by their Professional Bodies Ethical Codes of Practice.</p>

	Question	Management Response
	monitoring against relevant codes of conduct)?	
4	What processes are in place at the Council to communicate to the Audit Panel the processes for identifying and responding to fraud or error?	<p>The Head of Risk Management and Audit presents reports to the Audit Panel throughout the year as follows:</p> <ul style="list-style-type: none"> <li>• Planned Work Report – March 2020</li> <li>• Progress Reports – July 2020, November 2020 and March 2021</li> <li>• Annual Report – July 2021</li> </ul> <p>The planning report sets out the audit plan for the coming year which is risk based, using criteria which includes Susceptibility to Error/Fraud.</p> <p>The Audit Panel has a forward plan that is reported at each meeting so that Members are aware of the reporting cycle.</p>
5	How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2019/20?	<p>The Annual Governance Statement (AGS) and the associated assurance framework providing assurance that laws and regulations have been complied with as Directors have to sign an Assurance Statement which is based on the completion of a detailed self-assessment checklist which covers this aspect.</p> <p>All reports presented to Council, Executive Cabinet, Board and Panels are reviewed by Legal to ensure the legal implications have been fully considered.</p> <p>Significant issues identified by Internal Audit would be highlighted in the Annual Report and progress reports by the Head of Risk Management and Audit.</p> <p>Legal Bulletins are circulated by the Director of Governance and Pensions (Borough Solicitor) to the Executive Cabinet and all managers keeping them up to date with changes in the law.</p>
6	Are there any actual or potential litigation or claims that would affect the financial statements?	<p>The Council holds an internal insurance reserve which is actuarially valued regularly for Insurance claims. An insurance portfolio is in place for all major insurance covers, which is reviewed annually.</p> <p>We have procured Insurance Brokers to provide independent advice and the Insurance Team receive regular industry bulletins keeping them up to date with new claim trends, litigation judgements and risk mitigation strategies.</p> <p>Litigation not covered by the Council's insurers is dealt with in-house by the Borough Solicitor and her Legal Team, who will assess cases on their merits, and ensure the appropriate level of expertise is employed, also ensuring that any potentially large claims are reflected appropriately in the Council's contingency arrangements.</p> <p>If it is assessed that a liability is likely to arise from litigation or claims, then an appropriate sum would be included in the financial statements.</p>

	Question	Management Response																																
7	What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships. For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2020?	<p>Members are required to make annual declarations of interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is undertaken by the Finance Team as part of the preparation of the annual financial statements.</p> <p>This review includes: Review of all Member disclosed interests, obtaining declarations from all Directors and Assistant Directors, review of payments and receipts totals by supplier and comparison to declared interests. The identified related parties are reviewed by Senior Officers in the finance team and disclosures approved by the Assistant Director of Finance and Director of Finance.</p> <p>The review of related parties for 2020/21 has been completed.</p>																																
8	Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2020 – 31 March 2021? (if 'yes', please provide details)?	<p>A number of irregularities were investigated during the year but they did not present any risk to the compilation of the Council's accounts.</p> <p>During 2020/21, 125 cases have been dealt with by Internal Audit. 98 Cases were considered to warrant an investigation and in 27 cases assistance was provided to management. The Tables below provides details of the cases for 2020/21.</p> <table border="1"> <thead> <tr> <th>Fraud Cases</th> <th>No. of Cases</th> </tr> </thead> <tbody> <tr> <td>Cases b/Forward from 2019/20</td> <td>8</td> </tr> <tr> <td>Current Year Referrals</td> <td>90</td> </tr> <tr> <td><b>Total</b></td> <td><b>98</b></td> </tr> <tr> <td>Cases Closed</td> <td>62</td> </tr> <tr> <td>Cases still under Investigation</td> <td>36</td> </tr> <tr> <td><b>Total</b></td> <td><b>98</b></td> </tr> <tr> <td>Assistance Cases</td> <td>27</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Fraud Type</th> <th>No. of Cases</th> </tr> </thead> <tbody> <tr> <td>Adult Social Care</td> <td>8</td> </tr> <tr> <td>COVID-19 Business Support Grants</td> <td>78</td> </tr> <tr> <td>Children's social Care</td> <td>3</td> </tr> <tr> <td>Council Tax/Blue Badge</td> <td>4</td> </tr> <tr> <td>Pensions/Procurement</td> <td>2</td> </tr> <tr> <td>Theft/Other</td> <td>3</td> </tr> <tr> <td></td> <td><b>98</b></td> </tr> </tbody> </table>	Fraud Cases	No. of Cases	Cases b/Forward from 2019/20	8	Current Year Referrals	90	<b>Total</b>	<b>98</b>	Cases Closed	62	Cases still under Investigation	36	<b>Total</b>	<b>98</b>	Assistance Cases	27	Fraud Type	No. of Cases	Adult Social Care	8	COVID-19 Business Support Grants	78	Children's social Care	3	Council Tax/Blue Badge	4	Pensions/Procurement	2	Theft/Other	3		<b>98</b>
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9	Do you suspect fraud may be occurring within the organisation?	See above.																																
10	Have you identified any specific fraud risks within the Council?	Financial systems are reviewed on a cyclical basis to ensure that they are fit for purpose and the controls are operating effectively. No major issues have been identified in any of the systems.																																

	Question	Management Response
		Payment systems are considered to present more risks as they are open to external risk factors like the bank mandate fraud.
11	Are you satisfied that internal controls, including segregation of duties, exist and work effectively (if 'yes', please provide details)?	<p>Internal Audit has undertaken a number of audits/reviews during 2020/21 to review the Council's internal control processes and the results of their work are reported to the Audit Panel by the Head of Risk Management and Audit. Where improvements have been highlighted, managers have agreed to implement the suggested recommendations. This will aid the management of risks and support the overall control environment.</p> <p>Senior Management is responsible for the control environment and work with Internal Audit throughout the year to ensure that any proposed changes to systems and processes do not adversely affect the control environment.</p> <p>With a reducing work force more reliance is being placed on technological controls rather than on conventional controls like segregation of duties.</p> <p>All Directors sign Assurance Statements annually for the Annual Governance Statement to confirm that internal controls have been in place in their Directorate during the year.</p> <p>The Head of Risk Management and Audit presents an Annual Report to the Audit Panel in June summarising the work of Internal Audit and providing an opinion on the control environment.</p>
12	If not where are the risk areas?	<p>All Internal Audits and Investigations generate a Draft and Final Report which detail recommendations made to improve the control environment where improvements are identified.</p> <p>Post Audit Reviews are undertaken six months (three months where a low level of assurance was given) after the Final Report was issued to ensure recommendations have been implemented, thus improving the controls in place.</p>
13	How do you encourage staff to report their concerns about fraud?	Fraud Response Plan and Whistleblowing Policy in place and available on the intranet/internet. During 2020/21, 90 new cases were reported to Internal Audit for investigation.
14	What concerns about fraud are staff expected to report?	The Whistleblowing Policy encourages staff to report any concerns of wrongdoing.
15	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	No
16	How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Members are required to make annual declarations of interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is



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

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

Signed:

Dated:

Kathy Roe  
Director of Finance (Section 151 Officer)

# Agenda Item 7.

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance
<b>Subject:</b>	<b>REVIEW OF INTERNAL AUDIT 2020/21</b>
<b>Report Summary:</b>	The report reviews Internal Audit and measures practices and performance of the Internal Audit function with the standards set out in the Public Sector Internal Audit Standards which contributes to the overall effectiveness of the system of internal control.
<b>Recommendations:</b>	That the report be noted.
<b>Corporate Plan:</b>	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
<b>Policy Implications:</b>	Effective Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer and Chief Finance Officer)</b>	Effective Internal Audit assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services.
<b>Legal Implications:</b> <b>(Authorised by Borough Solicitor)</b>	<p>This report demonstrates compliance with the Accounts and Audit Regulations 2015 (as amended) which require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.</p> <p>The Regulations also require councils to conduct a review of the effectiveness of the system of internal control annually. This review is set out in the main body of the report for Members to consider.</p>
<b>Risk Management:</b>	Assists in providing the necessary levels of assurance that the significant risks relating to Council operations are being effectively managed.
<b>Access to Information:</b>	<p>The background papers relating to this report can be inspected by contacting the Report Author, Kathy Roe, Director of Finance by contacting:</p> <p> Telephone: 0161 342 5609</p> <p> e-mail: <a href="mailto:kathy.roe@nhs.net">kathy.roe@nhs.net</a></p>

## 1. INTRODUCTION

1.1 The purpose of this report is to provide the Audit Panel with the background to the review of Internal Audit, the requirements of the Public Sector Internal Audit Standards 2017, the CIPFA Local Government Application Note 2019 and the process that has been adopted, along with details of the review itself.

1.2 It is the responsibility of the Council to conduct the annual review of the effectiveness of the system of internal control in accordance with the Accounts and Audit Regulations 2015 (as amended) as detailed below and the review of internal audit is one element of the assurance process in place that culminates in the production of the Annual Governance Statement referred to in section 1.5.

### 1.3 **Accounts and Audit Regulations 2015 (as amended) Part 2, Section 3 – Responsibility for Internal Control**

A relevant authority must ensure that it has a sound system of internal control which:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

### 1.4 **Accounts and Audit Regulations 2015 (as amended) Part 2, Section 5 – Internal Audit**

- (1) A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.
- (2) Any officer or member of a relevant body must, if required to do so for the purpose of the internal audit:
  - (a) Make available such documents and records; and
  - (b) Supply such information and explanation;as are considered necessary by those conducting the internal audit.
- (3) In this regulation “documents and records” includes information recorded in an electronic form.

This is supported by the Council’s Financial Regulations, which reflect Internal Audit’s statutory authority to review and investigate all areas of the Council’s activities in order to ensure that the Council’s interests are protected.

### 1.5 **Accounts and Audit Regulations 2015 (as amended) Part 2 Section 6 – Review of Internal Control System**

- (1) A relevant authority must, each financial year:
  - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
  - (b) prepare an Annual Governance Statement.
- (2) If the relevant authority referred to in paragraph (1) is a Category 1 authority (Tameside MBC falls into this category), following the review, it must:
  - (a) consider the findings of the review required by paragraph (1)(a):
    - (i) by a committee; or
    - (ii) by members of the authority meeting as a whole; and
  - (b) approve the Annual Governance Statement prepared in accordance with paragraph (1)(b) by resolution of:
    - (i) a committee; or
    - (ii) members of the authority meeting as a whole.

- (3) (Excluded as this clause relates to Category 2 authorities and the Council is a Category 1.)
- (4) The Annual Governance Statement, referred to in paragraph (1)(b) must be:
  - (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
  - (b) prepared in accordance with proper practices in relation to accounts.

## 2. INTERNAL AUDIT IN TAMESIDE

- 2.1 The function is managed by the Head of Risk Management and Audit Services who during 2020/21 reported directly to the Assistant Director of Finance (Deputy Section 151 Officer).
- 2.2 Internal Audit now comprises of 9.53 FTE staff, that have a range of experience and relevant qualifications, and includes two dedicated Fraud Investigators/Counter Fraud Specialists.
- 2.3 The Internal Audit Service is provided to all Directorates/Service Areas together with schools and a comprehensive list of all auditable areas is maintained within the Audit Management System "Galileo". A detailed Annual Audit Plan is produced at the start of each financial year after consultation with both officers and members. Internal Audit also provides services to the Greater Manchester Pension Fund.

## 3. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 3.1 The Public Sector Internal Audit Standards (PSIAS) 2017 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Application Note for Local Government provide the standards for the review.
- 3.2 The standards provide; the Mission of Internal Audit, a definition of Internal Auditing, Core Principles for the Professional Practice of Internal Auditing, a Code of Ethics for Internal Auditors working in the Public Sector and the requirements themselves. The Standards are mandatory for all internal auditors working in the UK public sector.
- 3.2 The mission for Internal Audit is:-  
**"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".**
- 3.3 The definition of Internal Audit is:-  
**"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".**
- 3.4 The definition recognises the consultancy work undertaken and emphasises the need to ensure that the audit function is adding value to and improving the organisations operations.
- 3.5 It is recognised in the standards that the provision of assurance work is the primary role for Internal Audit in the UK public sector. The role requires the Chief Audit Executive (Head of Risk Management and Audit) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. Consulting services are advisory in nature and are generally performed at the specific request of the organisation with the aim of improving governance, risk management and control and contributing to the overall opinion.

3.6 The Core Principles for the Professional Practice of Internal Auditing taken as a whole articulate internal audit effectiveness and confirm that it is achieving the mission of internal audit above. The principles are listed below:-

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive and future focused; and
- Promotes organisational improvement.

3.7 The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing. It extends beyond the definition of internal auditing to include two essential components:-

- Principles that are relevant to the profession and practice of internal auditing.
- Rules of conduct that describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.
- There are four principles:-
  - **Integrity** – the integrity of internal auditors establishes trust and thus provides the basis of reliance on their judgement.
  - **Objectivity** – internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. They make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
  - **Confidentiality** – internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
  - **Competency** – internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

3.8 The standards themselves are divided into two categories and they provide confirmation that both the Core Principles and the Code of Ethics are adhered to by both individuals and entities that deliver internal auditing services:-

- Attribute Standards
- Performance Standards

3.9 Table 1 shows the individual standards within the above two categories.

**Table 1 – Public Sector Internal Audit Standards**

Standards
<b>Attribute</b>
1000 – Purpose, Authority and Responsibility
1100 – Independence and Objectivity
1200 – Proficiency and Due Professional Care
1300 – Quality Assurance and Improvement Programme

<b>Performance</b>
2000 – Managing the Internal Audit Activity
2100 – Nature of Work
2200 – Engagement Planning
2300 – Performing the Engagement
2400 – Communicating the Results
2500 – Monitoring Progress
2600 – Communicating the Acceptance of Risks

#### 4. EXTERNAL PEER REVIEW OF INTERNAL AUDIT

- 4.1 The Standards require that an external assessment of an organisation’s internal audit function is carried out once every five years by a qualified, independent assessor or assessment team from outside of the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.
- 4.2 In collaboration the North West Chief Audit Executives’ Group (NWCAE) established a ‘peer-review’ process that was managed and operated by the constituent authorities. The process addressed the requirement of external assessment by ‘self-assessment with independent external validation’.
- 4.3 The Peer Review for Tameside was carried out by Blackpool Council and Bolton Council in March 2018 and confirmed that the Internal Audit Service conformed to the 2013 standards. The next review will be conducted during 2022/23.

#### 5. SELF-ASSESSMENT AGAINST THE STANDARDS 2020/21

- 5.1 Table 2 shows the assessment against each of the individual standards within the two categories of Attribute and Performance and provides a comparison of the results presented to the Audit Panel in June 2020. The detailed assessments can be found at **Appendix 1**.

**Table 2 - Assessment against the Public Sector Internal Audit Standards**

Standard	2021	2020
<b>Attribute</b>	Fully Compliant	Fully Compliant
1000 – Purpose, Authority and Responsibility	✓	✓
1100 – Independence and Objectivity	✓	✓
1200 – Proficiency and Due Professional Care	✓	✓
1300 – Quality Assurance and Improvement Programme	✓	✓
<b>Performance</b>		
2000 – Managing the Internal Audit Activity	✓	✓
2100 – Nature of Work	✓	✓
2200 – Engagement Planning	✓	✓
2300 – Performing the Engagement	✓	✓
2400 – Communicating the Results	✓	✓
2500 – Monitoring Progress	✓	✓
2600 – Communicating the Acceptance of Risks	✓	✓

- 5.2 Internal Audit comply with the requirements of the standards, however, there are two areas to note that affect the independence of the Team:-
- The Head of Risk Management and Audit (CAE) is the Senior Information Risk Owner (SIRO); and
  - Several members of the Team were involvement in the actual processing of COVID-19 Business Support Grants during 2020/21.
- 5.3 However, controls are in place to ensure that Internal Audit's independence is managed and maintained, in that the Head of Risk Management and Audit would not be involved in any audits relating to her other areas of responsibility and those staff involved in processing grants will not be involved in any audits relating to the work they have undertaken.
- 5.4 The developments highlighted from the 2018 External Peer Review are detailed in Table 3 together with a position statement as at March 2021 and new developments identified as part of the 2020/21 self-assessment have been added to the bottom of the table. The Quality Assurance and Improvement Programme will be updated to capture the new developments and progress will be reported to future meetings of the panel.

**Table 3 – PSIAS Developments from 2018 External Peer Review**

<b>Developments</b>	<b>Responsible</b>	<b>Position Statement – March 2021</b>
Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function.	Director of Finance Director of Governance and Pensions	Carry Forward to 2021/22 A review of the roles relating to Information Governance has been included in the 2021/22 Work Plan for the Risk, Insurance and Information Governance Team and the Information Governance Group. Guidance identifies that the SIRO should be an Executive Director or other senior member of the Board. Discussions will also take place with the new Assistant Director of Finance (Deputy Section 151 Officer).
Consideration should be given to identifying the skills needs by the audit team to assist the Council with its current transformation programme and provide training and development opportunities to address any skills shortage.	Head of Risk Management and Audit	Complete Addressed as part of the Annual Development Review (ADR) process with the team and is kept under review during the year at supervision meetings and as Seminars, Workshops and Webinars become available. The additional of the competency assessment for 2021 ADRs will assist to identify any gaps in skills or experience
Internal auditors maintain a record of their professional development and training activities.	Head of Risk Management and Audit	Complete The information is currently contained in the Annual Development Review Forms, which capture all training and development undertaken. This is supported by the Me Learning System for all E-Learning courses completed and Excel spreadsheets.



Developments	Responsible	Position Statement – March 2021
<b>New Developments for 2021/22</b>		
A formal assurance mapping exercise needs to be undertaken and documented.	Head of Risk Management and Audit and Principal Auditors Dec 2021	An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group.
An independent review needs to be undertaken to evaluate the effectiveness of the organisation's risk management processes.	Principal Auditors March 2022	An audit has been included in the Internal Audit Plan for 2021/22 and will be undertaken in the second half of the year.
The audit process needs to be reviewed to ensure that reports are issued in a timely manner.	Head of Risk Management and Audit and Principal Auditors Dec 2021	

## 6 Performance Indicators, Value Added and Feedback

- 6.1 Internal Audit has three key performance indicators and for 2020/21, only two were achieved:-
- 94% of Plan Complete (92% in 2019/20 - Target 90%)
  - 88% of Recommendations Implemented (87% in 2019/20 - Target 90%)
  - 100% Customer Satisfaction (100% in 2019/20 - Target 90%)
- 6.2 The Percentage of Recommendations Implemented has been affected by COVID-19 and capacity within teams to address improvements identified.
- 6.3 With regards to Added Value in the annual plan we endeavour to incorporate a mixture of assurance audits and consultancy reviews requested by management to ensure that the service meets the needs and expectations of the Council. Part of our work involves providing independent assurance regarding the implementation of new systems to ensure that the data is migrated correctly and that the control environment is satisfactory from the outset and this work is valued by managers. During 2020/21 we provided assurance on the following projects:-

### System Sign Offs

- Adults Services - Rosta System
- Children's Services – Music Service Speedadmin System
- Children's Services – Early Years Module
- Pension Fund – iKen System
- Growth – Planning System
- Operations and Neighbourhoods – Markets System
- Operations and Neighbourhoods – Special Education Needs and Adults Transport
- Agresso Upgrade
- Pension Fund Microsoft 365

### Verification and Assurance Work

- Mossley Hollins High – Grant Assurance

- George Byrom Trust – Final Accounts Audit 2019/20
- COVID-19 Business Support Grants
- HR/Payroll iTrent Self Service
- Annual Car Allowance Review
- Pension Fund – My Pension Upgrades
- Pension Fund - iConnect

6.4 Furthermore, we get involved in service redesigns and providing advice and support to the process, as it is more efficient and effective if we can ensure that controls are in place at the outset rather than auditing after the event and then finding issues and concerns.

6.5 Customer feedback is very positive and can be demonstrated in many ways:-

- Customer satisfaction is very high at 100%, which signifies that auditees appreciate the process, albeit, sometimes they do not like the outcome, especially if a low level of assurance is given;
- At the planning stage requests for work always outweigh resources available;
- In year we receive a significant number of requests for advice and support; and  
In year we receive requests to get involved in new projects and changes to system and processes to ensure the control environment is robust and not undermined by the proposed changes.

6.6 The performance of the wider organisation is monitored by the team as we keep a watching brief over the changing profile of risks affecting service delivery from a variety of sources. Through consultation with Executive Members/Senior Managers, facilitating the Information Governance Group, fraud briefings/bulletins and attending Greater Manchester Groups a wealth of intelligence is amassed which enables the internal audit plan and approach to be adapted to keep pace with the changing complexities of the Council.

6.7 Clearly, an important input into the review of Internal Audit is the view of our External Auditors and a good working relationship is in place and positive feedback has been received during review meetings.

## **7. MANAGING THE RISK OF FRAUD AND CORRUPTION**

7.1 The Chartered Institute of Public Finance and Accountancy issued, via its Counter Fraud Centre, a Code of Practice in 2014 entitled “Code of Practice on Managing the Risk of Fraud and Corruption”. The Fighting Fraud and Corruption Locally 2020 is the updated Counter Fraud and Corruption Strategy for Local Government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities.

7.2 Work to assess the team against the requirements has been delayed due to the COVID-19 pandemic and the increased number of fraud referrals received in relation to business support grants during 2020/21.

## **8. CIPFA STATEMENT ON THE ROLE OF THE HEAD OF INTERNAL AUDIT (HIA)**

8.1 The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA (Head of Risk Management and Audit) in public service organisations and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:-

- the organisation;
- the role; and
- the individual.

For each principle, the Statement sets out the organisational requirements to ensure that HIA's are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the HIA. Summaries of personal skills and professional standards then detail the leadership skills and technical expertise organisations can expect from their HIA.

8.2 The five principles are as follows:-

- The HIA plays a critical role in delivering the organisation's strategic objectives by objectively assessing the adequacy of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control;
- The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments;
- The HIA must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;
- The HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively; and
- The HIA must be professionally qualified and suitably experienced.

8.3 A self-assessment has been undertaken against the checklist published in the report by the Chartered Institute of Public Finance and Accountancy on the role of the Head of Internal Audit as part of the review of the system of internal audit and the Head of Internal Audit (Head of Risk Management and Audit) is in full compliance with the five principles and the supporting standards.

## **9. AUDIT PANEL**

9.1 The system of internal control includes the role of the Audit Panel and, in particular, it's role in the receipt and evaluation of reports from the Head of Risk Management and Audit Services, both in terms of assurance opinions and in ensuring that appropriate arrangements are in place to evaluate and improve the effectiveness of risk management, control and governance processes across the Council. The Audit Panel has operated in accordance with the Chartered Institute of Public Finance and Accountancy guidance for 2020/21.

## **10. CONCLUSIONS**

10.1 The Self-Assessment conducted in April 2021 confirms that Internal Audit conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note 2019, as demonstrated in **Appendix 1**.

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

## **11. RECOMMENDATION**

11.1 As set out on the front of the report.

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# APPENDIX 1

## Public Sector Internal Audit Standards (PSIAS) 2017 and the CIPFA Local Government Application Note 2019 – Self-Assessment 2020/21

This checklist has been developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.

C = Conforms, P = PARTIAL, N = Not Conforming. Evidence for each response must be provided and reasons for any partial or full non-conformance should be given, together with any compensating measures in place or actions in progress to address this.

Ref	Conformance with the Standard	C	P	N	Evidence
<b>1</b>	<b>Mission of Internal Audit</b>				
	Does the Internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS? To enhance and protect organisational value by providing risk based and objective assurance, advice and insight.	✓			<ul style="list-style-type: none"> <li>• Internal Audit Strategy</li> <li>• Internal Audit Charter</li> <li>• Internal Audit Plan</li> <li>• Progress Reports</li> <li>• Annual Report</li> </ul>
<b>2</b>	<b>Definition of Internal Auditing</b>				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity:				
	Independent?	✓			<ul style="list-style-type: none"> <li>• An experienced Team is in place</li> <li>• Internal Audit Charter</li> <li>• Consistent process in place for conducting audit work which is reviewed and monitored</li> <li>• Financial Regulations</li> <li>• The Head of Risk Management and Audit is not independent as she is responsible for managing the Risk, Insurance and Information Governance Team</li> </ul>
	Objective?	✓			

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>Several members of the Internal Audit Team were involved in processing COVID-19 Business Support Grants during 2020/21 providing assistance to the Exchequer Services and the Growth Directorate. However, these officers will not be involved in auditing any systems or procedures relating to the processing of these grants for 2 years. As this can be managed within the team the independence of the Internal Audit function is not undermined.</li> <li>Senior management requested the support from the Internal Audit and the Audit Panel were kept informed during the year.</li> </ul>
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			<ul style="list-style-type: none"> <li>Audit Manual</li> <li>Quality Control Checklist</li> <li>Internal Audit Annual Plan Report</li> </ul>
<b>3</b>	<b>Core Principles</b>				
	<b>Demonstrates Integrity</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating integrity?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Demonstrates competence and due professional care.</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Is objective and free from undue influence (independent).</b>	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being objective and free from undue influence (independent)?				
	<b>Aligns with Strategies, objectives and risks of the organisation</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being aligned with the strategies, objectives, and risks of the organisation?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Is appropriately positioned and adequately resourced</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being appropriately positioned and adequately resourced?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Demonstrates quality and continuous improvement</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating quality and continuous improvement?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Communicates effectively</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by communicating effectively?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Provides risk-based assurance</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by providing risk-based assurance, based on adequate risk assessment?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
	<b>Is insightful, proactive, and future-focused.</b>	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being insightful, proactive, and future-focused?				
	<b>Promotes organisational improvement.</b> Do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by promoting organisational improvement?	✓			<ul style="list-style-type: none"> <li>Compliance is demonstrated below</li> </ul>
<b>4</b>	<b>Code of Ethics</b>				
	<b>Integrity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors:				
	Perform their work with honesty, diligence and responsibility?	✓			<ul style="list-style-type: none"> <li>An experienced Team is in place</li> <li>Consistent process in place for conducting audit work which is reviewed and monitored</li> <li>IA Checklist</li> <li>Declaration of Interests Forms</li> </ul>
	Observe the law and make disclosures expected by the law and the profession?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Declaration of Interests Forms</li> </ul>
	Not knowingly partake in any illegal activity nor engage in any acts that are discreditable to the profession of internal auditing or to the organisation?	✓			<ul style="list-style-type: none"> <li>Declaration of Interests Forms</li> <li>Contracts of Employment</li> <li>Code of Conduct for Tameside Employees</li> <li>Professional Codes of Conduct</li> <li>PSIAS Code of Ethics</li> </ul>
	Respect and contribute to the legitimate and ethical objectives of the organisation?	✓			<ul style="list-style-type: none"> <li>Internal Audit Strategy</li> <li>Internal Audit Charter</li> <li>Internal Audit Annual Plan Report</li> <li>Annual Plan</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>• Customer Satisfaction Questionnaires</li> <li>• Positive feedback from Managers</li> </ul>
	<p><b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not:</p>				
	Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?	✓			<ul style="list-style-type: none"> <li>• Declaration of Interests Forms</li> <li>• Contract of Employment</li> <li>• Codes of Conduct/Ethics</li> </ul>
	Not accepting anything that may impair or be presumed to impair their professional judgement?	✓			<ul style="list-style-type: none"> <li>• Declaration of Interests Forms</li> <li>• Training</li> </ul>
	Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓			<ul style="list-style-type: none"> <li>• Declaration of Interests Forms</li> <li>• Training</li> <li>• Standard process in place</li> </ul>
	<p><b>Confidentiality</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p>				
	Acting prudently when using information acquired in the course of their duties and protecting that information?	✓			<ul style="list-style-type: none"> <li>• The Team have all had training in the following areas:- <ul style="list-style-type: none"> <li>• Working with the Data Protection Act</li> <li>• Information Security</li> <li>• Information Governance</li> <li>• Cyber Security</li> <li>• GDPR</li> </ul> </li> <li>• Contracts of Employment</li> <li>• Confidentiality Agreements in place for Audit staff who require access to the Adults/Children's (LAS/LCS) system</li> </ul>
	Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	✓			

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>• Declaration of Interests Forms</li> <li>• Audit Manual</li> <li>• Attendance at training events</li> </ul>
	<p><b>Competency</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display competence by :</p>				
	Only carrying out services for which they have the necessary knowledge, skills and experience?	✓			<ul style="list-style-type: none"> <li>• Audits are allocated by the Principal Auditors and the skills and experience of the team members are taken into account when work is allocated.</li> <li>• If gaps are identified training is provided when available and appropriate</li> </ul>
	Performing services in accordance with the PSIAS?	✓			<ul style="list-style-type: none"> <li>• Consistent with the Internal Audit Manual</li> <li>• Internal Audit Plan</li> <li>• Internal Audit Process/Checklist</li> <li>• Internal Audit Reports</li> <li>• Internal Audit Reporting to Officers/Members</li> </ul>
	Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	✓			<ul style="list-style-type: none"> <li>• Development needs are assessed through the Annual Development Review Process.</li> <li>• Regular supervision meetings are also used to identify any training needs.</li> <li>• Staff with professional qualifications complete CPD</li> <li>• Attendance at training events and workshops</li> </ul>
	Do internal auditors have regard to the on Standards of Public Life's <i>Seven Principles of Public Life</i> ?	✓			<ul style="list-style-type: none"> <li>• All internal auditors have been made aware of these principles and the need for compliance throughout their day to day work.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>Annual sign off of Code of Ethics as part of Declaration of Interests Forms completed by all members of the Internal Audit Team.</li> </ul>
	<b>Standards</b>				
	<b>Attribute Standards</b>				
	<b>1000 Purpose, Authority and Responsibility</b>				
	Does the internal audit charter include a formal definition of:				
	a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	✓			<ul style="list-style-type: none"> <li>Internal Audit Strategy</li> <li>Internal Audit Charter</li> <li>Financial Regulations</li> </ul>
<b>LGAN</b>	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	Does the internal audit charter also:				
	a) Set out the internal audit activity's position within the organisation?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	b) Establish the CAE's functional reporting relationship with the board?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
<b>LGAN</b>	c) Establish the accountability, reporting line and	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	relationship between the CAE and those to whom the CAE may report administratively?				
<b>LGAN</b>	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Financial Regulations</li> </ul>
<b>LGAN</b>	f) Define the scope of internal audit activities?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Internal Audit Strategy</li> </ul>
<b>LGAN</b>	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Internal Audit Strategy</li> </ul>
<b>LGAN</b>	h) Establish the organisational independence of internal audit?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	i) Cover the arrangements for appropriate resourcing?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	j) Define the role of internal audit in any fraud-related work?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	k) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Financial Regulations</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	l) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?		✓		<ul style="list-style-type: none"> <li>Internal Audit Annual Plan Report</li> <li>The independence of the Head of Risk Management and Audit (CAE) is covered in the Annual Plan Report that is presented to the Audit Panel in May/June</li> <li>Members of the Team have been involved in processing grant applications for COVID-19 Business Support Grants during 2020/21</li> </ul>
	m) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	n) Define the nature of consulting services?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	o) Recognise the mandatory nature of the PSIAS?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			<ul style="list-style-type: none"> <li>The Audit Charter is reviewed by the Head of Risk Management and Audit (CAE) and presented and approved by the Audit Panel on an annual basis.</li> </ul>
	Does the CAE attend audit committee meetings?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) attends all Audit Panel meetings and either the Head of Risk Management and Audit (CAE) or the Principal Auditor (Pension Fund) attends the Greater Manchester Pension Fund Local Board.</li> <li>Minutes of the Audit Panel meetings which evidence attendance can be found on <a href="https://tameside.moderngov.co.uk/ieListMeetings.aspx?Committeeld=166">https://tameside.moderngov.co.uk/ieListMeetings.aspx?Committeeld=166</a></li> </ul>
	Does the CAE contribute to audit committee agendas?	✓			<ul style="list-style-type: none"> <li>Yes. Democratic Services manage the agenda process and are aware of the expected reports for each meeting. A Forward Plan is presented to each Audit Panel</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					outlining the reports expected at future meetings. This produced by the Head of Risk Management and Audit (CAE) and Financial Management.
	<b>1100 Independence and Objectivity</b>				
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reports directly to the Assistant Director of Finance, and has a quarterly one to one meeting with the Director of Finance, however, if needed the Chief Executive can be approached as set out in the Internal Audit Charter. The Head of Risk Management and Audit (CAE) is a member of the Finance Senior Leadership Team and is able to present reports to the Single Leadership Team as required. A good working relationship is in place with Directors and direct contact can be made if and when needed. The Head of Risk Management and Audit (CAE) can also report direct to the Chair of the Audit Panel if necessary.</li> <li>The Head of Risk Management and Audit (CAE) also has access to the Monitoring Officer.</li> </ul>
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			<ul style="list-style-type: none"> <li>As above.</li> </ul>
	Are threats to objectivity identified and managed at the following levels:				
	a) Individual auditor?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Declaration of Interests Forms</li> <li>Audit Planning Process</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	b) Engagement?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Declaration of Interests Forms</li> <li>Audit Planning Process</li> </ul>
	c) Functional?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Declaration of Interests Forms</li> <li>Audit Planning Process</li> </ul>
	d) Organisation?	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>
	<b>1100 Independence and Objectivity</b>				
	<i>1110 Organisational Independence</i>				
	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reports direct to the Assistant Director of Finance (Section 151 Officer) and has quarterly one to one meeting with the Director of Finance.</li> </ul>
<b>LGAN</b>	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reports direct to the Assistant Director of Finance (Section 151 Officer) and the Director of Finance.</li> </ul>
<b>LGAN</b>	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reports direct to the Assistant Director of Finance (Section 151 Officer) and the Director of Finance by quarterly one to one meetings.</li> </ul>
<b>LGAN</b>	Does the CAE's position in the management structure:				
	a) Reflect the influence he or she has on the control environment?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reports direct to the Assistant Director of Finance (Section 151</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>Officer) and the Director of Finance by quarterly one to one meetings.</p> <ul style="list-style-type: none"> <li>The post is respected across the Council.</li> </ul>
	b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reports direct to the Assistant Director of Finance (Section 151 Officer) and the Director of Finance by quarterly one to one meetings.</li> <li>All Final Reports issued are circulated to the Chief Executive, Director of Governance and Pensions (Monitoring Officer), Director of Finance (Section 151 Officer) and the Executive Member and the Director responsible for the area under review.</li> <li>Regular meetings are held with Senior Management and Executive Members to review progress against the plan, issues and concerns, new risk exposures and any changes to the plan for the remaining year.</li> </ul>
	c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity:				
	The board:				
	a) approves the internal audit charter	✓			<ul style="list-style-type: none"> <li>Approved annually in March.</li> </ul>
	b) approves the risk-based audit plan	✓			<ul style="list-style-type: none"> <li>Approved annually in March.</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
	c) approves the internal audit budget and resource plan	✓			<ul style="list-style-type: none"> <li>The budget for the internal audit service is presented as part of the Budget Report to Full Council in February each year.</li> <li>The Audit Panel approves the Audit Plan which is balanced to resources.</li> </ul>
	d) receives communications from the CAE on the activity's performance (in relation to the plan, for example)	✓			<ul style="list-style-type: none"> <li>Progress Reports are presented to the Audit Panel and Greater Manchester Pension Fund Local Board quarterly.</li> <li>Meeting are also held with Senior Managers and Executive Members to discuss audit activity, audit planning, feedback and changes to services/structures which may have an impact on the audit plan and or the control environment.</li> </ul>
	e) approves decisions relating to the appointment and removal of the CAE	N/A			<ul style="list-style-type: none"> <li>The Board (Audit Panel) is not involved in the appointment of the Head of Risk Management and Audit (CAE).</li> </ul>
	f) Approves the remunerations of the CAE	N/A			<ul style="list-style-type: none"> <li>The remuneration of the CAE is set in line with the Councils Pay Scales. All job descriptions are evaluated using a standard job evaluation process</li> </ul>
	g) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓			<ul style="list-style-type: none"> <li>Annual Audit Plan.</li> <li>Quarterly Progress Reports</li> </ul>
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?		✓		<ul style="list-style-type: none"> <li>The Annual Development Review (ADR) adopted by the Council is a cascade approach in which the Chief Executive sets the objectives for the Director of Finance (Section 151 Officer) who in turn sets the objectives for the Assistant Director of Finance and the Head of Risk Management and Audit (CAE).</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?		✓		<ul style="list-style-type: none"> <li>The Director of Finance (Section 151 Officer) or the Assistant Director of Finance (Deputy Section 151 Officer) would be able to request input from the Chair of the Audit Panel.</li> </ul>
	<i>1111 Direct Interaction with the Board</i>				
	Does the CAE communicate and interact directly with the board?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) attends all Audit Panel Meetings. The meetings of the Greater Manchester Pension Fund Local Board are attended by the Head of Risk Management and Audit (CAE) and/or the Principal Auditor responsible for the Pension Fund. Evidence can be found on <a href="http://www.tameside.gov.uk">www.tameside.gov.uk</a></li> </ul>
	<i>1112 Chief Audit Executive Roles Beyond Internal Auditing</i>				
	Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) is responsible for Risk Management, Insurance, Business Continuity Planning and the Lead for Information Governance and the Council's Senior Information Risk Owner (SIRO). Adequate safeguards are in place which rely on the integrity of the post holder and arrangements set out in the Internal Audit Charter and Annual Audit Planning Report which state that audits in these areas will be managed by another person namely the Assistant Director of Finance or another audit team would be invited to undertake the audit to provide complete independence. The role of SIRO for the Council still needs to be addressed.</li> </ul>
	Does the board periodically review these safeguards?				<ul style="list-style-type: none"> <li>It is reported annually to the Audit Panel.</li> </ul>
	<i>1120 Individual Objectivity</i>				

Ref	Conformance with the Standard	C	P	N	Evidence
	Do internal auditors have an impartial, unbiased attitude?	✓			<ul style="list-style-type: none"> <li>• Internal Audit Charter</li> <li>• Declaration of Interests Forms</li> <li>• Audit Planning Process</li> </ul>
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			<ul style="list-style-type: none"> <li>• Internal Audit Charter</li> <li>• Declaration of Interests Forms</li> <li>• Audit Planning Process</li> </ul>
	<i>1130 Impairment to Independence or Objectivity</i>				
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?		✓		<ul style="list-style-type: none"> <li>• This would be assessed for each assignment and any concerns would be discussed by the Principal Auditors and the Head of Risk Management and Audit (CAE).</li> <li>• Several members of the Internal Audit Team were involved in processing COVID-19 Business Support Grants during 2020/21 providing assistance to the Exchequer Services and the Growth Directorate, as this was an organisational priority. However, these officers will not be involved in auditing any systems/ procedures relating to the processing of these grants for 2 years. As this can be managed within the team the independence of the Internal Audit function is not undermined.</li> <li>• Senior management requested the support from the Internal Audit and the Audit Panel were kept informed during the year.</li> </ul>
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	✓			<ul style="list-style-type: none"> <li>• This would be assessed for each assignment allocated to members of the team as part of the work allocation process to ensure auditors do not audit areas they have previously worked in or been involved with previously by way of significant advice in relation to a particular system.</li> </ul>
	If there have been any assurance engagements in	✓			<ul style="list-style-type: none"> <li>• No such reviews have taken place recently, if they had</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?				the Head of Risk Management and Audit (CAE) would not be involved and the Assistant Director of Finance (Deputy Section 151 Officer) would oversee the process or another Audit Team would be asked to undertake the review.
<b>LGAN</b>	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	✓			<ul style="list-style-type: none"> <li>This is done as far as possible and is managed by the Principal Auditors on an assignment by assignment basis. It does get more difficult to ensure rotation with a reducing sized audit team.</li> </ul>
<b>LGAN</b>	Have internal auditors declared interests in accordance with organisational requirements?	✓			<ul style="list-style-type: none"> <li>Declarations of Interests forms are completed by staff annually.</li> </ul>
<b>LGAN</b>	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	✓			<ul style="list-style-type: none"> <li>Staff are aware of the Gifts and Hospitality Policy and know to declare any benefits offered or received.</li> <li>There has only been one instance of this when the Head of Risk Management and Audit (CAE) won an overnight stay at Shrigley Hall as part of the CIPFA Audit Weekend and this was declared and donated to the Mayor's Office.</li> <li>Any issues identified would be fully investigated.</li> </ul>
<b>LGAN</b>	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?	N/A			<ul style="list-style-type: none"> <li>No such incidents have been identified and therefore further investigation has not been required.</li> <li>All Staff undertake annual information governance and cyber security training and sign a Declaration of Interests form that confirms they have read the Information Governance Policy and Conduct Policy.</li> </ul>
<b>LGAN</b>	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	N/A			<ul style="list-style-type: none"> <li>All auditors are experienced and are aware of the standards required.</li> <li>All work is reviewed by a supervising auditor usually a Principal Auditor.</li> <li>Furthermore, Principal Auditors attend planning</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					meetings to obtain background information and discuss the Terms of Reference.
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	N/A			<ul style="list-style-type: none"> <li>No issues such as these have been identified.</li> </ul>
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	N/A			<ul style="list-style-type: none"> <li>No significant additional consulting services agreed during the year. Any changes to the Audit Plan would be discussed with the Assistant Director of Finance (Deputy Section 151 Officer) and reported to the Audit Panel or the Greater Manchester Pension Fund Local Board.</li> </ul>
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	<i>1210 Proficiency</i>				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) is CIPFA qualified and also holds a PGC in Management.</li> </ul>
	Is the CAE suitably experienced?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) has 17 years' experience in the role of CAE, 4 years' experience as a Principal Auditor, 8 years' as an operational Financial Manager, 3 years' as an auditor and 3 years' as a supernumerary CIPFA Trainee. All gained whilst working for Tameside MBC.</li> <li>5 years' experience across a range of financial services including accountancy gained at the Greater Manchester County Council.</li> </ul>
<b>LGAN</b>	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) is responsible for the recruitment of appropriate internal audit staff in accordance with Council policies and</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					procedures.
<b>LGAN</b>	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			<ul style="list-style-type: none"> <li>Job descriptions are in place for each member of the team and these are reviewed periodically to ensure relevance (normally when a post is being recruited too).</li> </ul>
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			<ul style="list-style-type: none"> <li>All staff have an Annual Development Review and regular supervisions to discuss this and to identify any gaps. Training, where applicable, is sought and delivered. Internal Audit no longer employs a Computer Auditor and buys in support to complement the team from Salford MBC.</li> <li>Identified in the Annual Audit Plan Report and Internal Audit Strategy.</li> </ul>
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			<ul style="list-style-type: none"> <li>Advice and assistance would be obtained. As above ICT Audit support is bought in from Salford MBC.</li> <li>Staff also attend seminars/ workshops and webinars to update their skills and knowledge.</li> </ul>
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			<ul style="list-style-type: none"> <li>The Internal Audit Team do have an awareness of fraud, as the majority are very experienced auditors.</li> <li>In addition, the Council's Counter Fraud Team is also the responsibility of the Head of Risk Management and Audit (CAE) and the Principal Auditor ensures that any learning is shared across the team.</li> <li>We also attend GM Fraud Meetings where learning is shared and this also provides a network of fraud specialist.</li> </ul>
	Do internal auditors have sufficient knowledge of key information technology risks and controls?		✓		<ul style="list-style-type: none"> <li>The Team in place is very experienced. Whilst we do not employ a computer auditor, who would specialise in this</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					field, we have access to the CIPFA ICT Control Matrices. Contingency days are also bought from Salford MBC for the provision of ad hoc support and guidance to assist with other planned work. However, we do rely on Salford MBC to complete the technical ICT work included in the Internal Audit Plan
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?		✓		<ul style="list-style-type: none"> <li>An experienced Team is in place. All members of the Team have access to 'IDEA' which is an audit interrogation product. Excel is also used and pivot tables are used to analyse data.</li> </ul>
	<i>1220 Due Professional Care</i>				
	Do internal auditors exercise due professional care by considering the:				
	a) Extent of work needed to achieve the engagement's objectives?	✓			<ul style="list-style-type: none"> <li>Audit procedures are set out in the Audit Manual and the Control Quality Checklist. All work is reviewed by a supervising auditor, usually a Principal Auditor, and all Final Reports/Post Audit Reviews are reviewed by the Head of Risk Management and Audit (CAE).</li> <li>Several members of the team have a professional CCAB/IIA qualification and all have been trained to exercise due professional care.</li> </ul>
	b) Relative complexity, materiality or significance of matters to which assurance procedures are applied?	✓			
	c) Adequacy and effectiveness of governance, risk management and control processes?	✓			
	d) Probability of significant errors, fraud, or non-compliance?	✓			
	e) Cost of assurance in relation to potential benefits?	✓			
	Do internal auditors exercise due professional care during a consulting engagement by considering the:				

Ref	Conformance with the Standard	C	P	N	Evidence
	a) Needs and expectations of clients, including the nature, timing and communication of engagement results?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	b) Relative complexity and extent of work needed to achieve the engagement's objectives?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	c) Cost of the consulting engagement in relation to potential benefits?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	<i>1230 Continuing Professional Development</i>				
<b>LGAN</b>	Has the CAE defined the skills and competencies for each level of auditor?	✓			<ul style="list-style-type: none"> <li>These are outlined in the job descriptions/person specifications for each job. Annual Development Reviews which now include a competency framework review performance and development.</li> <li>Regular supervisions review any ongoing issues throughout the year.</li> </ul>
<b>LGAN</b>	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			<ul style="list-style-type: none"> <li>Through the appraisal process outlined above.</li> </ul>
	Do internal auditors undertake a programme of continuing professional development?	✓			<ul style="list-style-type: none"> <li>This is determined through the appraisal process outlined above. All CCAB qualified staff have to commit to CPD and the Annual Development Review Process adopted by the Council has been approved by both CIPFA and ACCA as an Approved Scheme.</li> <li>Training in relation to specific audits is provided as and when required.</li> <li>Professional Training is provided via the Apprenticeship Levy and the Finance Directorate has a clear process in place which asks staff to submit expressions of interest and then an evaluation process is undertaken if requests are greater than available training slots (CIPFA and AAT).</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
	Do internal auditors maintain a record of their professional development and training activities?	✓			<ul style="list-style-type: none"> <li>This is recorded as part of the Annual Development Review Process and held within the Me Learning platform which is used by the Council to provide E-Learning courses to all staff.</li> <li>A self-service facility within the Councils Payroll System iTrent is being developed to provide a centralised record of all training undertaken for staff.</li> <li>A summary of training requests is provided to People and Workforce Development annually at the conclusion of Annual Development Reviews.</li> </ul>
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓			<ul style="list-style-type: none"> <li>Detailed in the Quality Assurance and Improvement Programme which is presented to the Audit Panel annually in March.</li> </ul>
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			<ul style="list-style-type: none"> <li>Detailed in the Quality Assurance and Improvement Programme which is presented to the Audit Panel annually in March.</li> </ul>
	Does the CAE maintain the QAIP?	✓			<ul style="list-style-type: none"> <li>The Quality Assurance and Improvement Programme is presented annually to members. The review of audit activity and improvements is presented in the Annual Audit Report, quarterly progress reports and the annual review of Internal Audit.</li> </ul>
	Are any statutory requirements for review of the internal audit activity satisfied?	✓			<ul style="list-style-type: none"> <li>In line with the Accounts and Audit Regulations 2015 (as amended) an annual review of the effectiveness of the system of internal control is undertaken and reported to the Audit Panel.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>Internal Audit was externally reviewed in March 2018 against the Public Sector Internal Auditing Standards (PSIAS) and an external review will be undertaken every 5 years.</li> </ul>
	<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>				
	Does the QAIP include both internal and external assessments?	✓			<ul style="list-style-type: none"> <li>Both are covered in the Quality Assurance and Improvement Programme.</li> </ul>
	<i>1311 Internal Assessments</i>				
<b>LGAN</b>	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			<ul style="list-style-type: none"> <li>The Principal Auditors are responsible for ensuring that members of the Internal Audit Team are allocated work which is appropriate to their skills, experience and competence. Any issues or concerns are raised through the regular supervision process.</li> <li>Meetings are regularly held between the Head of Risk Management and Audit (CAE) and the Principal Auditors to discuss work allocations, progress against the plan, staff issues and training requirements.</li> </ul>
	Do internal assessments include ongoing monitoring of the internal audit activity, such as:				
	a) Routine quality monitoring processes?	✓			<ul style="list-style-type: none"> <li>The process for this is defined in the Audit Manual and the Quality Control Checklist which is used for all audits. It includes ongoing review throughout the assignment and then a final quality review by the Head of Risk Management and Audit (CAE).</li> <li>During and at the conclusion of an audit the performance</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>of the Auditor is assessed by the Supervisor using the Audit Management system "Galileo" and during supervisions and Annual Development Reviews to cover:-</p> <ul style="list-style-type: none"> <li>• Timescales;</li> <li>• Days Taken;</li> <li>• Level of Supervision;</li> <li>• Working Papers;</li> <li>• Audit Process; and</li> <li>• Audit Report.</li> </ul> <ul style="list-style-type: none"> <li>• Customer Questionnaires completed by auditees also provide feedback in terms of auditor performance.</li> </ul>
	b) Periodic assessments for evaluating conformance with the PSIAS?	✓			<ul style="list-style-type: none"> <li>• A review is undertaken annually and reported to the Audit Panel.</li> </ul>
<b>LGAN</b>	Does ongoing performance monitoring contribute to quality improvements through the effective use of performance targets?	✓			<ul style="list-style-type: none"> <li>• The key performance indicators and targets for the service are included in the Quality Assurance and Improvement Programme and the Annual Plan Report presented to the Audit Panel/Greater Manchester Pension Fund Local Board. The agreed targets include: <ul style="list-style-type: none"> <li>• % Compliance with PSIAS;</li> <li>• % of Plan Complete;</li> <li>• % of Recommendations Implemented;</li> <li>• % of Satisfied Customers; and</li> <li>• No of Reported Irregularities.</li> </ul> </li> <li>• They are reviewed annually and actual performance against the above measures is reported to the Audit Panel/Greater Manchester Pension Fund Local Board as part of the Risk Management and Audit Annual Report.</li> </ul>
	Is there a set of comprehensive targets which between them encompass all significant internal audit activities?	✓			<ul style="list-style-type: none"> <li>• Yes see above.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
<b>LGAN</b>	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			<ul style="list-style-type: none"> <li>The performance targets are discussed with the Assistant Director of Finance (Deputy Section 151 Officer), and presented to the Audit Panel/Greater Manchester Pension Fund Local Board in the Planning Report and then reported as actuals in the Annual Report.</li> </ul>
<b>LGAN</b>	Does the CAE measure, monitor and report on progress against these targets?	✓			<ul style="list-style-type: none"> <li>Progress against targets is reported annually to the Audit Panel and the Greater Manchester Pension Fund Local Board.</li> </ul>
<b>LGAN</b>	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			<ul style="list-style-type: none"> <li>A customer satisfaction questionnaire is issued at the end of each audit assignment and the results are reported to the Audit Panel and Greater Manchester Pension Fund Local Board annually as part of the suite of Internal Audit PIs.</li> <li>Regular meetings take place with Senior Managers and Executive Members to obtain feedback on service delivery.</li> </ul>
	<p>Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?</p> <p>Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.</p>	✓			<ul style="list-style-type: none"> <li>Periodic self-assessments are undertaken by the Head of Risk Management and Audit (CAE) and the Principal Auditors who are all professionally qualified, experienced and knowledgeable of internal audit practices.</li> <li>A self-assessment is conducted annually against the PSIAS and reported to the Audit Panel as part of the annual review of Internal Audit.</li> </ul>
<b>LGAN</b>	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reviews activity against the audit plan as this is one of the key performance indicators and the results of this are reported to the Audit Panel and Greater Manchester</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>Pension Fund Local Board, as part of the Risk Management and Audit Services Quarterly Progress Report.</p> <ul style="list-style-type: none"> <li>Quarterly Activity Reports are issued to Senior Managers and Executive Members which provide a review of progress against the plan, the status of each audit in their area and the assurance level given to all finalised audits.</li> </ul>
	<i>1312 External Assessments</i>				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			<ul style="list-style-type: none"> <li>An external assessment was conducted in March 2018, utilising the NW Chief Audit Executive Group peer review process which was approved by the Audit Panel.</li> <li>The next review is scheduled for 2022/23.</li> </ul>
<b>LGAN</b>	Has the CAE discussed the alternative approaches to external assessment with the board? This should reflect the relative costs of the different approaches, the potential advantages of an external viewpoint, and whether there are factors which might be considered to warrant a demonstrably independent assessment.	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) reviewed the options available prior to the 2018 review, including the use of an external firm or peer review. The self-assessment plus independent validation was deemed to be the most appropriate approach and the best value for money. This was agreed with the previous Director of Finance (Section 151 Officer) and the Peer Review Process adopted by the North West Chief Audit Executive Group was reported to and approved by the Audit Panel on 1 November 2016. The service was assessed using the approach in March 2018.</li> <li>The Options for the next External Assessment will be discussed with the Assistant Director of Finance and presented to the Audit Panel for approval, the peer review process offered by the NW Chief Audit Executive Group is available and still offers value for money.</li> </ul>
	Has the CAE properly discussed the qualifications and independence of the assessor or assessment	✓			<ul style="list-style-type: none"> <li>The approach was presented and approved by the Audit Panel on 1 November 2016 for the 2018 review. See</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	team with the board?				comment above about future external assessments.
<b>LGAN</b>	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?	✓			<ul style="list-style-type: none"> <li>The approach was agreed by the Audit Panel on 1 November 2016 for the 2018 review and was based on the requirements of both the PSIAS and LGAN.</li> </ul>
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	✓			<ul style="list-style-type: none"> <li>The Peer Review Process adopted by the North West Chief Audit Executive Group was detailed in a Memorandum of Understanding and was approved by the Audit Panel on 1 November 2016 for the 2018 review.</li> <li>The option is available for the 2022/23 review and will be presented to the Audit Panel later in the year for approval.</li> </ul>
	<p>Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process?</p> <p>Competence can be determined in the following ways:</p> <p>a) experience gained in organisations of similar size</p> <p>b) complexity</p> <p>c) sector (i.e. the public sector)</p> <p>d) industry (i.e. local government), and</p> <p>e) technical experience.</p> <p>Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.</p>	✓			<ul style="list-style-type: none"> <li>The Peer Review Process adopted by the North West Chief Audit Executive Group was detailed in a Memorandum of Understanding and was approved by the Audit Panel on 1 November 2016.</li> <li>It was conducted by Heads of Audit/Audit Managers from the various teams that make up the North West Chief Audit Executive Group.</li> <li>The Assessment Team consisted of two Heads of Internal Audit/Audit Managers from two different authorities and all assessment reviews were moderated by two different Heads of Internal Audit/Audit Managers.</li> <li>The option is available for the 2022/23 review and will be presented to the Audit Panel later in the year for approval.</li> </ul>
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	✓			<ul style="list-style-type: none"> <li>The Peer Review Process adopted by the North West Chief Audit Executive Group was detailed in a Memorandum of Understanding and was approved by the Audit Panel on 1 November 2016 for the 2018 review</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					and undertaken by practicing Heads of Audit/Audit Managers who have knowledge and experience of internal audit in the public sector.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	✓			<ul style="list-style-type: none"> <li>The Peer Review Process adopted by the North West Chief Audit Executive Group was detailed in a Memorandum of Understanding and was approved by the Audit Panel on 1 November 2016 for the 2018 review.</li> <li>It was conducted by other local authority staff and therefore no conflict as independent to the organisation.</li> </ul>
	<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>				
	Has the CAE reported the results of the QAIP to senior management and the board?	✓			<ul style="list-style-type: none"> <li>The Self-Assessment against the Public Sector Internal Audit Standards is presented to the Audit Panel annually in June/July.</li> <li>The Head of Risk Management and Audit (CAE) reports performance against the targets in the Risk Management and Audit Annual Report, this is discussed with the Assistant Director of Finance (Deputy Section 151 Officer) and presented to the Audit Panel in June/July.</li> <li>Continual improvements to service delivery or process are reported to the Audit Panel in the Risk Management and Audit Quarterly Progress Reports.</li> <li>Direct reference to the QAIP is included in the Annual Report and progress reports presented to the Audit Panel.</li> </ul>
	Note that:				
	a) the results of both external and periodic internal assessment must be communicated upon completion	✓			<ul style="list-style-type: none"> <li>Results of delivery of the actions outlined in the Annual Audit Plan are reported to the Audit Panel/Greater Manchester Pension Fund Local Board on an annual</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>basis.</p> <ul style="list-style-type: none"> <li>• Results of any benchmarking exercises are reported as and when undertaken and discussed with the Assistant Director of Finance (Deputy Section 151 Officer) and presented to the Audit Panel.</li> <li>• The results from Customer Satisfaction Questionnaires are used internally within the service to identify training needs and reported to the Audit Panel/Greater Manchester Pension Fund Local Board annually as part of the Risk Management and Audit Annual Report.</li> <li>• The Review of Internal Audit, which is based on a self-assessment in between external reviews is based on the Public Sector Internal Audit Standards, and is reported to the Audit Panel every June/July.</li> <li>• The result of the external assessment, which was conducted in March 2018, was reported to the Audit Panel in May 2018.</li> </ul>
	b) the results of ongoing monitoring must be communicated at least annually	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			<ul style="list-style-type: none"> <li>• Presented in the Annual Report.</li> </ul>
	<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>				



Ref	Conformance with the Standard	C	P	N	Evidence
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			<ul style="list-style-type: none"> <li>Annual Report.</li> <li>Review of Internal Audit Report.</li> </ul>
	<i>1322 Disclosure of Non-conformance</i>				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			<ul style="list-style-type: none"> <li>The External Assessment completed in March 2018 confirmed that the service conformed to the standards.</li> <li>Self-Assessments conducted since the external review have not identified any instances of non-compliance. Regularly reported to the Audit Panel.</li> <li>The review/self-assessment is reported to the Audit Panel annually in June/July and an update is provided in Progress Reports and the Annual Report presented by the Head of risk Management and Audit.</li> </ul>
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			<ul style="list-style-type: none"> <li>The self-assessment against the PSIAS used for the External Assessment did not identify any, and the updated self-assessments for 2018/19, 2019/20 and 2020/21 have not identified any significant deviations thereafter.</li> </ul>
<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			<ul style="list-style-type: none"> <li>The purpose of internal audit activity is aligned to the Internal Audit Charter.</li> <li>The Head of Risk Management and Audit (CAE) presents Quarterly Progress Reports and an Annual Report to the Audit Panel/Greater Manchester Pension Fund Local Board.</li> </ul>
	Does the internal audit activity conform with the	✓			<ul style="list-style-type: none"> <li>Internal Audit Charter</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	<i>Definition of Internal Auditing and the Standards?</i>				<ul style="list-style-type: none"> <li>• Annual Audit Plan</li> <li>• Annual Audit Plan Report</li> <li>• Audit Manual</li> </ul>
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	✓			<ul style="list-style-type: none"> <li>• All Audit Staff sign Declaration of Interests Forms to say that they have read the Code of Ethics.</li> <li>• The achievement of the Annual Audit Plan and positive feedback from auditees and senior managers is testament that internal auditors demonstrate conformance. No complaints or concerns have ever been raised.</li> </ul>
	Does the internal audit activity add value to the organisation and its stakeholders by:-				
	a) Providing objective and relevant assurance?	✓			<ul style="list-style-type: none"> <li>• Internal Audit Charter</li> <li>• Internal Audit Strategy</li> <li>• Final Audit Reports</li> <li>• Head of Risk Management and Audit's (CAE) Annual Report</li> <li>• Scope of audit reviews agreed with Manager and Terms of Reference issued</li> <li>• Request from Senior Managers/Executive Members for audit reviews.</li> <li>• Customer Questionnaires</li> <li>• Positive customer feedback</li> </ul>
	b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓			
	<i>2010 Planning</i>				
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓			<ul style="list-style-type: none"> <li>• Internal Audit Plan</li> <li>• Internal Audit Plan Report</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>The plan is created in consultation with Senior Management, Executive Members and the Assistant Director of Finance (Deputy Section 151 Officer).</li> <li>All activities in the “audit universe” are risk assessed in the audit management system Galileo.</li> </ul>
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			<ul style="list-style-type: none"> <li>Internal Audit Plan</li> <li>Internal Audit Plan Report</li> <li>In compiling the risk based plan attention to the overall levels of assurance given across all service areas is monitored to ensure the balance will generate an annual audit opinion.</li> </ul>
	Does the risk-based plan take into account the organisation’s assurance framework?	✓			<ul style="list-style-type: none"> <li>Internal Audit Plan</li> <li>Internal Audit Plan Report</li> <li>Assurance Framework</li> <li>The process adopted takes into account the various sources of assurance across the Council for example:- <ul style="list-style-type: none"> <li>Scrutiny Reviews/Reports;</li> <li>Inspection Reports;</li> <li>Corporate Risk Register;</li> <li>Corporate Plan;</li> <li>External Audit Letter/Reports;</li> <li>Code of Corporate Governance;</li> <li>AGS Director Assurance Letters;</li> <li>AGS Self-Assessment Checklists; and</li> <li>Investigations undertaken and Control Reports.</li> </ul> </li> </ul>
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:				
	a) How the internal audit service will be delivered?	✓			<ul style="list-style-type: none"> <li>Internal Audit Plan Report</li> <li>Internal Audit Charter</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>Internal Audit Strategy</li> </ul>
	b) How the internal audit service will be developed in accordance with the internal audit charter?	✓			<ul style="list-style-type: none"> <li>Detailed in the Internal Audit Plan Report and the Quality Assurance Improvement Programme.</li> </ul>
	c) How the internal audit service links to organisational objectives and priorities?	✓			<ul style="list-style-type: none"> <li>The Council's objectives are set out in the Corporate Plan. Internal Audit supports the individual operations, which deliver the objectives within this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</li> <li>The Audit Plan presented to the Audit Panel is linked to the Corporate Plan and Corporate Risk Register where appropriate.</li> <li>Regular meetings with Executive Members and Senior Managers ensure that the Audit Plan reflects the needs of the organisation and keeps pace with priorities. These meetings are important as they enable the risk assessments in the Audit Management System to be updated.</li> </ul>
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			<ul style="list-style-type: none"> <li>See above.</li> <li>In compiling the plan local issues/risks are identified by liaising with Executive Members and Senior Managers and the Assistant Director of Finance (Deputy Section 151 Officer).</li> <li>National issues/risks are identified by attending training events/seminars/workshops/NW Chief Audit Executive Group, researching TIS Online, Better Governance Forum and the CIPFA Fraud Centre. A Review of the published Fraud Report is also undertaken.</li> </ul>
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) is also responsible for the Council's risk management</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	framework and relative risk maturity of the organisation?				framework and overseeing the corporate risk register and therefore has a good insight into areas of specific concern.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	✓			<ul style="list-style-type: none"> <li>The Head of Risk Management and Audit (CAE) is also responsible for the Council's risk management framework and overseeing the corporate risk register and therefore has a good insight into areas of specific concern.</li> </ul>
<b>LGAN</b>	Does the risk-based plan set out the:				
	a) Audit work to be carried out?	✓			<ul style="list-style-type: none"> <li>Internal Audit Plan.</li> <li>Internal Audit Plan Report.</li> <li>Audit Charter</li> </ul>
	b) Respective priorities of those pieces of audit work?	✓			
	c) Estimated resources needed for the work?	✓			
<b>LGAN</b>	Does the risk-based plan differentiate between audit and other types of work?	✓			<ul style="list-style-type: none"> <li>Internal Audit Plan.</li> <li>Internal Audit Plan Report.</li> <li>Audit Charter</li> <li>The risk based plan details:- <ul style="list-style-type: none"> <li>Audits to be undertaken;</li> <li>Planning and Control Days;</li> <li>Contingency for Advice and Support;</li> <li>Post Audit Review Days; and</li> <li>Investigation/Counter Fraud Days.</li> </ul> </li> </ul>
<b>LGAN</b>	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			<ul style="list-style-type: none"> <li>If new risks emerge in year then the Head of Risk Management and Audit (CAE) has the option to make a change to the plan and seeks approval for this from the Assistant Director of Finance (Deputy Section 151 Officer) and the relevant Director concerned. Any</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>changes to the audit plan are reported to the Audit Panel and the Greater Manchester Pension Fund Local Board as part of Quarterly Progress Reports.</p> <ul style="list-style-type: none"> <li>• Audit assignments are normally planned on a quarterly basis which helps ensure flexibility should risks change in the year.</li> </ul>
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓			<ul style="list-style-type: none"> <li>• The Principal Auditors are responsible for monitoring the plan and meeting with Executive Members and Senior Managers to identify any changes needed to the plan. These changes are then discussed with the Head of Risk Management and Audit (CAE) and reported to the Audit Panel and the Greater Manchester Pension Fund Local Board.</li> <li>• Adjustments may also be required due to gaps in resources.</li> </ul>
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			<ul style="list-style-type: none"> <li>• Annually the Principal Auditors review the audit universe in the Audit Management System Galileo in preparation for meetings with Senior Managers and Executive Members. The Meetings are held to review the audit universe to ensure it is correct and up to date and includes any new risk exposures, identify what audits are due to be undertaken and their key areas of concern. All of the above feeds into the risk assessment process.</li> <li>• The risk assessment in the Audit Management System Galileo is based on:- <ul style="list-style-type: none"> <li>• Susceptibility to Error/Fraud;</li> <li>• Control Environment;</li> <li>• Sensitivity and Reputation of the Council;</li> <li>• Complexity;</li> <li>• Volume and Value of Transactions;</li> <li>• Management Concerns;</li> <li>• Management Changes;</li> </ul> </li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>• Specific Business Risks/Business Importance;</li> <li>• Quality, Integrity and Security of Information; and</li> <li>• Years since Previous Audit.</li> <li>• Following the planning meetings the risk assessments are updated in Galileo and a list of audits in priority order is produced.</li> <li>• Consultation then takes place with colleagues in Financial Management to ascertain if they have any concerns in their areas of responsibility.</li> <li>• The Head of Risk Management and Audit (CAE) then meets with the Principal Auditors to further develop the planning process by reviewing the assurance framework and assessing the list of audits to provide challenge into the process. Once the list is agreed it is then matched against available resources to agree the draft plan for the new financial year.</li> <li>• Process outlined in the Annual Plan Report, Internal Charter and Audit Manual.</li> </ul>
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			<ul style="list-style-type: none"> <li>• Yes - see above.</li> </ul>
<b>LGAN</b>	In developing the risk-based plan, has the CAE also considered the following:				
	a) Any declarations of interest (for the avoidance for conflicts of interest)?	✓			<ul style="list-style-type: none"> <li>• The Head of Risk Management and Audit (CAE) challenges the Principal Auditors on their inclusion of audits on the list to check there are no conflicts.</li> <li>• Any conflicts within the Internal Audit Team are detailed in their Declaration of Interests Form and reviewed and resolved as the work is allocated.</li> <li>• Annual Audit Plan</li> <li>• Annual Audit Plan Report</li> <li>• Audit Manual</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	b) The requirement to use specialists, e.g. IT or contract and procurement auditors?	✓			<ul style="list-style-type: none"> <li>• Annual Audit Plan</li> <li>• Annual Audit Plan Report</li> <li>• Internal Audit Strategy</li> <li>• The Council does not employ an IT Specialist and uses the services of Salford MBC Computer Services.</li> </ul>
	c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary?	✓			<ul style="list-style-type: none"> <li>• Advice and Support days are included for each service area in the plan which can be used for ad hoc reviews</li> <li>• A separate resource is available for Fraud Investigation/Counter Fraud Work and the details are included in the Annual Audit Plan and the Annual Audit Plan Report</li> </ul>
	d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓			<ul style="list-style-type: none"> <li>• Days are included within the plan for:- <ul style="list-style-type: none"> <li>• Planning and Control</li> <li>• Reporting to Members</li> </ul> </li> <li>• Annual Audit Plan</li> <li>• Annual Audit Plan Report</li> <li>• Internal Audit Charter</li> <li>• Internal Audit Strategy</li> </ul>
	In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes?	✓			<ul style="list-style-type: none"> <li>• Senior Management are involved in the planning/risk assessment process. Individual Executive Members are consulted as part of the planning process to determine the draft plan.</li> <li>• The draft plan is discussed with the Assistant Director of Finance (Deputy Section 151 officer) and shared with both the Monitoring Officer and External Audit. It is presented to the Audit Panel/Greater Manchester Pension Fund Local Board for approval.</li> <li>• As with all plans the Audit Panel/Greater Manchester Pension Fund Local Board are advised that the plan will be kept under constant review to ensure it captures the requirements of the organisation. Both bodies are</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
					informed that any changes will be reported to the future meetings.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			<ul style="list-style-type: none"> <li>• Input from senior management, executive members and other stakeholders is important to the planning process to ensure risk assessments are up to date, priorities are identified and indicative timings discussed. However, the Head of Risk Management and Audit (CAE) and the Principal Auditors have a wealth of experience and a detailed knowledge of the Council and their professional judgement is paramount to the compilation of the plan and they are all aware that managers may steer Internal Audit away from areas to save receiving unfavourable audit opinions.</li> <li>• In terms of individual assignments a draft report is issued and then a closure meeting is arranged to seek management opinion on the factual accuracy of the report and acceptance of the recommendations.</li> <li>• Input from stakeholders is important so that they buy into the recommendations made.</li> </ul>
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓			<ul style="list-style-type: none"> <li>• Consultancy Reviews are assessed as part of the planning process.</li> <li>• In some circumstances it adds more benefit and value to the organisation to undertake this type of review.</li> </ul>
	<i>Are consulting engagements that have been accepted included in the risk-based plan?</i>	✓			<ul style="list-style-type: none"> <li>• All audits/reviews are listed in the Annual Audit Plan to ensure that the plan balances to resources and that management and the Audit Panel/Greater Manchester Pension Fund Local Board are fully aware of the work plan for the year. However, plans can and do change and these changes would be notified to the Audit Panel/Greater Manchester Pension Fund Local Board as part of the quarterly progress report.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	<i>2020 Communication and Approval</i>				
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓			<ul style="list-style-type: none"> <li>Annual Audit Plan is presented to the Assistant Director of Finance (Deputy Section 151 Officer) and to the Audit Panel/ Greater Manchester Pension Fund Local Board for approval in June/July.</li> </ul>
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			<ul style="list-style-type: none"> <li>Presented to the Audit Panel/Greater Manchester Pension Fund Local Board in the Risk Management and Audit Progress Reports.</li> <li>Discussed with management as and when required and reported as part of quarterly activity reports.</li> </ul>
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			<ul style="list-style-type: none"> <li>Resource requirements/issues are set out in the Audit Plan Report presented to the Audit Panel/ Greater Manchester Pension Fund Local Board. They are also discussed in detail with management and the Assistant Director of Finance (Deputy Section 151 Officer).</li> <li>Quarterly Activity Reports presented to management detail the plan, actual days per audit and any issues with resources.</li> </ul>
	<i>2030 Resource Management</i>				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			<ul style="list-style-type: none"> <li>This is covered in the Risk Management and Audit Service Annual Plan Report and the detail is held in the planning working papers and in the audit management system Galileo.</li> </ul>
<b>LGAN</b>	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?	✓			<ul style="list-style-type: none"> <li>All audits are planned in conjunction with management, and priorities are discussed at the planning meetings and the quarterly activity meetings.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
<b>LGAN</b>	<p>If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board?</p> <p>This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.</p>	✓			<ul style="list-style-type: none"> <li>Any issues with delivering the plan would be discussed with the Assistant Director of Finance (Deputy Section 151 Officer) and reported to the Audit Panel/Greater Manchester Pension Fund Local Board as part of the Annual Audit Plan Report and the Quarterly Progress Reports.</li> </ul>
	<i>2040 Policies and Procedures</i>				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			<ul style="list-style-type: none"> <li>Internal Audit Manual</li> <li>Quality Control Checklist</li> <li>A detailed process is outlined in the above documents and confirmed by the review process undertaken by the Principal Auditors and Head of Risk Management and Audit.</li> </ul>
<b>LGAN</b>	<p>Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS?</p> <p>Examples include maintaining an audit manual and/or using electronic management systems.</p>	✓			<ul style="list-style-type: none"> <li>Internal Audit Manual.</li> <li>Quality Control Checklist</li> <li>School audits are performed using an Audit Programme which guides the auditor through the process.</li> <li>All other audits are performed using the Audit Management System Galileo which again guides the auditor through the process in conjunction with the Quality Control Checklist.</li> <li>We also have a matrix in place detailing the distribution list for reports to ensure reports are issued in a consistent manner.</li> </ul>
<b>LGAN</b>	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			<ul style="list-style-type: none"> <li>Improvement days are held which give the opportunity for policies and procedures to be reviewed.</li> <li>Staff are experienced and if something is causing an issue it is either raised at a supervision meeting, an ADR</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					or at a team meeting.
	<i>2050 Coordination</i>				
	Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓			<ul style="list-style-type: none"> <li>• This is discussed with senior managers when the Principal Auditors meet them as part of the audit planning process and any external inspections may influence whether a review will be included on the audit plan.</li> <li>• This would be captured as part of the planning meeting notes.</li> <li>• We also review the External Auditors reports and plan and liaise with Scrutiny, or review their web pages, to see what reviews they have undertaken or are planning to undertake.</li> <li>• When auditing the Pension Fund assurance is obtained from various sources e.g. Third Party Auditors or Industry Regulators.</li> <li>• Where assurance provided by a third party is used, checks are undertaken to determine the degree of reliance that can be placed on them.</li> </ul>
<b>LGAN</b>	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?		✓		<ul style="list-style-type: none"> <li>• See above response.</li> <li>• An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group.</li> </ul>
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			<ul style="list-style-type: none"> <li>• Quarterly liaison meetings are scheduled with the Councils External Auditor where work is discussed and information shared. The Head of Risk Management and Audit (CAE)/Principal Auditors will also liaise with other internal services undertaking review work and provide copies of audit reports when appropriate to do so.</li> <li>• Audits/Reviews are started in full consultation with management and any external inspections due would be</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					taken into account so that resources are not duplicated and areas over inspected.
<b>LGAN</b>	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			<ul style="list-style-type: none"> <li>• See above.</li> <li>• External Audit attend the Audit Panel.</li> </ul>
	Where key organisational risks relate to work undertaken through partnerships, the auditor may be able to take assurance from work undertaken by others, or by obtaining assurance directly.	✓			<ul style="list-style-type: none"> <li>• When auditing the Pension Fund assurance is obtained from various sources e.g. Third Party Auditors or Industry Regulators.</li> <li>• Where assurance provided by a third party is used, checks are undertaken to determine the degree of reliance that can be placed on them.</li> <li>• Salford MBC Computer Audit Services provide ICT audit coverage under a GM agreed arrangement.</li> </ul>
	<i>2060 Reporting to Senior Management and the Board</i>				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			<ul style="list-style-type: none"> <li>• This is done via the Risk Management and Audit Quarterly Progress Reports to the Audit Panel/Greater Manchester Pension Fund Local Board.</li> <li>• Management/Executive Members receive Quarterly Activity Reports and regular liaison meetings are held with them to discuss progress to date, outstanding audits, new risks, changing priorities and any issues/concerns that need to be taken into account.</li> <li>• Urgent matters would be discussed with the Director of Finance (Section 151 Officer) and/or the Assistant Director of Finance (Deputy Section 151 Officer).</li> <li>• Weekly planning meetings are held with the Assistant Director of Finance (Deputy Section 151 Officer) and Finance Business Partners where feedback on audit activity is provided.</li> <li>• The Head of Risk Management and Audit (CAE) has a</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					1:1 with the Director of Finance (Section 151 Officer) quarterly and a 1:1 with the Assistant Director of Finance (Deputy Section 151 Officer) monthly.
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	N/A			N/A
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	N/A			N/A
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach?	N/A			N/A
	<i>2110 Governance</i>				

Ref	Conformance with the Standard	C	P	N	Evidence
	Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes for :				
	Making strategic and operational decisions?				
	Overseeing risk management and control?				
	a) Promote appropriate ethics and values within the organisation?	✓			<ul style="list-style-type: none"> <li>• This is all demonstrated in the Head of Risk Management and Audit's (CAE) Annual Audit Plan Report and Quarterly Progress Reports presented to the Audit Panel/Greater Manchester Pension Fund Local Board.</li> <li>• Activity reports provided to Senior Management and Executive Members.</li> <li>• Meetings with Senior Management and Executive Members.</li> <li>• Feedback from Managers at meetings or returned via Customer Satisfaction Questionnaires.</li> <li>• Covered in the Internal Audit Charter and Strategy.</li> <li>• Head of Risk Management and Audits (CAE) Annual Report.</li> <li>• Internal Audit is regularly asked for advice by managers when changes are being made to systems or processes.</li> <li>• Internal Auditors work closely with the Risk, Insurance and Information Governance Team and the Fraud Investigators to ensure learning is shared across all disciplines.</li> </ul>
	b) Ensure effective organisational performance management and accountability?	✓			
	c) Communicate risk and control information to appropriate areas of the organisation?	✓			
	d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓			
	Has the internal audit activity evaluated the:				<ul style="list-style-type: none"> <li>• This would be built into the risk and controls reviewed within service area audits.</li> </ul>
	a) design	✓			
	b) implementation, and	✓			

Ref	Conformance with the Standard	C	P	N	Evidence
	c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	✓			
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			<ul style="list-style-type: none"> <li>This would be delivered on a system by system basis. However, days are included in the plan each year to review ICT Services. Salford Computer Audit Services are engaged to undertake the more technical reviews and days are also included for advice and support in relation to ICT controls in other audit reviews.</li> <li>When new systems are being introduced Internal Audit are involved and a system sign off is completed to ensure that the system is fit for purpose and does not expose the Council to any unforeseen risks.</li> </ul>
	<i>2120 Risk Management</i>				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:				
	a) Organisational objectives support and align with the organisation's mission?	✓			<ul style="list-style-type: none"> <li>The Council has a Corporate Plan in place, Our People, Our Place, Our Plan which details the objectives and aims of the Council. <a href="https://www.tameside.gov.uk/corporateplan">https://www.tameside.gov.uk/corporateplan</a></li> <li>The Head of Risk Management and Audit (CAE) is also responsible for setting the Council's Risk Management Framework and therefore is able to influence whether the Council is taking adequate steps to effectively manage risk.</li> <li>All reports that are presented to the Single Leadership Team, Board, Panels, Working Groups and Council all have to consider the risk management implications as it is built into the reporting template.</li> <li>The Corporate Risk Register is reviewed and presented</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
					<p>to Management and the Audit Panel at each meeting, it was last reported in March 2021 and an update will be presented in July 2021.</p> <ul style="list-style-type: none"> <li>The Risk Management Policy and Strategy are being presented to the Audit Panel in July 2021. The Risk Management process will be reviewed by Internal Audit as part of the Annual Audit Plan for 2021/22.</li> </ul>
	b) Significant risks are identified and assessed?		✓		<ul style="list-style-type: none"> <li>See above.</li> <li>All audits are risk based and involve reviewing the risks for the area under review.</li> <li>Operational Risk Registers are being reviewed and refreshed as part of the development work being undertaken by the Risk, Insurance and Information Governance Team.</li> <li>The Corporate Risk Register is reported to the Single Leadership Team and the Audit Panel.</li> </ul>
	c) Appropriate risk responses are selected that align risks with the organisation's risk appetite?		✓		<ul style="list-style-type: none"> <li>See above.</li> </ul>
	d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓			<ul style="list-style-type: none"> <li>See above.</li> <li>A written report is issued to management for all work undertaken by the Internal Audit Team setting out the risks reviewed and the findings and recommendations.</li> <li>The progress reports presented by the Head of Risk Management and Audit to the Audit Panel/ Greater Manchester Pension Fund Local Board cover these aspects.</li> <li>Where a fraud investigation is undertaken a control report is produced thereafter to ensure that any control issues identified are resolved to minimise similar frauds occurring in the future.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>The Corporate Risk Register is reported to the Single Leadership Team and the Audit Panel.</li> </ul>
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the:				
	a) Achievement of the organisation's strategic objectives?	✓			<ul style="list-style-type: none"> <li>The Councils strategic objectives are set out in the Corporate Plan. The Annual Audit Plan is risk based and meets the priorities identified during the planning process undertaken in conjunction with Senior Managers, Executive Members, Director of Finance (Section 151 Officer) and the Assistant. Director of Finance (Deputy Section 151 Officer).</li> </ul>
	b) Reliability and integrity of financial and operational information?	✓			<ul style="list-style-type: none"> <li>Audits within the Annual Audit Plan meet this requirement. Several audits within the plan specifically cover this point, e.g. General Ledger, Payroll, Creditors. Operational audits also cover aspects depending on the risks reviewed.</li> <li>A System Sign Off is also undertaken to ensure the integrity of data/information when new systems are introduced or existing systems amended/updated.</li> </ul>
	c) Effectiveness and efficiency of operations and programmes?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	d) Safeguarding of assets?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	e) Compliance with laws, regulations, policies, procedures and contracts?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages	✓			<ul style="list-style-type: none"> <li>This is done as part of the annual planning process and details are included in the Annual Audit Plan and Report.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	<p>fraud risk?</p> <p>CIPFA has issued a Code of Practice on Managing the Risk of Fraud and Corruption, and strongly recommends that it is used as the basis for assessment of how an authority manages its fraud risk.</p>				<ul style="list-style-type: none"> <li>• Frauds investigated are reviewed.</li> <li>• Attendance at regional fraud groups also provides intelligence and shared learning.</li> <li>• National Fraud reports and fraud alerts/bulletins produced by NAFN Data and Intelligence Services are reviewed.</li> <li>• A review of the Code of Practice has been used to assess the team, however the planned assessment against the requirements of the Strategy for Fighting Fraud and Corruption Locally has been delayed due to COVID-19.</li> <li>• Fraud is also assessed by External Audit who issue Assurance letters to the Council each year regarding our response to fraud, one letter is addressed to the Chair of the Audit Panel and the other to the Director of Finance. The responses to the questions are presented to the Audit Panel in June/July for comment ahead of them being signed and presented to External Audit.</li> </ul>
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			<ul style="list-style-type: none"> <li>• All consultancy reviews are risk based and focus on risk and control issues and they are delivered in line with the objectives of the engagement.</li> </ul>
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			<ul style="list-style-type: none"> <li>• As above.</li> <li>• An experienced Team is in place and auditors are alert to other risks.</li> </ul>
	Do internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes?	✓			<ul style="list-style-type: none"> <li>• An experienced Team is in place, managed by two experienced Principal Auditors and the knowledge of risks gained from consulting requirements where appropriate are used to evaluate the organisations risk management processes.</li> </ul>
	Do internal auditors successfully avoid managing	✓			<ul style="list-style-type: none"> <li>• Risks, controls, findings and recommendations are</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?				<p>presented to management in an Internal Audit Report for action by the relevant service.</p> <ul style="list-style-type: none"> <li>• Advice and support is provided but to management, and Internal Auditors understand that risk management is the responsibility of managers.</li> </ul>
	<i>2130 Control</i>				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the:				
	a) Achievement of the organisation's strategic objectives?	✓			<ul style="list-style-type: none"> <li>• This is achieved through the delivery of the Annual Audit Plan and following the recognised audit procedure set out in the Audit Manual/Quality Control Checklist, using the Audit Management System Galileo.</li> </ul>
	b) Reliability and integrity of financial and operational information?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) Effectiveness and efficiency of operations and programmes?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	d) Safeguarding of assets?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	e) Compliance with laws, regulations, policies, procedures and contracts?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			<ul style="list-style-type: none"> <li>• Auditors provide an update of their work at regular one to one meetings with their Principal Auditor. Regular meetings are held between the Head of Risk Management and Audit (CAE) and the Principal Auditors where key findings are discussed. Feedback is provided on a regular basis from all staff. All reports are read by</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>the Head of Risk Management and Audit (CAE) including investigation reports before they are issued. Liaison between team members is excellent and they share learning and experience on a regular basis to support one another.</p> <ul style="list-style-type: none"> <li>• However, care is taken to ensure that auditors involved in consultancy do not then audit the area.</li> <li>• During System Sign-Offs, internal audit staff would liaise with the Risk, Insurance and Information Governance Team to obtain a copy of the DPIA if the system being reviewed relates to the collection and use of personal data.</li> </ul>
<b>4.3</b>	<b>2200 Engagement Planning</b>				
	Do internal auditors develop and document a plan for each engagement?	✓			<ul style="list-style-type: none"> <li>• A Terms of Reference document is issued for all audits/reviews, which outlines the objectives, scope, timing and resources with the exception of schools, which is discussed and agreed with management.</li> <li>• A standard programme is in place for schools and ahead of the visit, once confirmed with the Head, a pre audit questionnaire and an ICT questionnaire is issued, which asks for information to be provided before the visit.</li> <li>• With regards to Greater Manchester Pension Fund Employer Visits a set programme is in place and liaison takes place in advance of a visit. A letter is sent to the Director of Finance which explains the process.</li> </ul>
	Does the engagement plan include the engagement's:				
	a) Objectives?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	b) Scope?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) Timing?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	d) Resource allocations?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	Do internal auditors consider the following in planning an engagement, and is this documented:				
	a) The objectives of the activity being reviewed?	✓			<ul style="list-style-type: none"> <li>• This is documented in the Terms of Reference which forms part of the standard suite of documents produced for an audit. An introductory meeting is held with the service area under review to discuss aspects of the review and to obtain up to date information about the service area. All information is stored within the Audit Management System Galileo.</li> <li>• A risk based approach is adopted and the aspects listed are covered when the audit/review is being planned/researched at the outset</li> </ul>
	b) The means by which the activity controls its performance?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) The significant risks to the activity being audited?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	d) The activity's resources?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	e) The activity's operations?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	f) The means by which the potential impact of risk is kept to an acceptable level?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	g) The adequacy and effectiveness of the activity's governance, risk management and control	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	processes compared to a relevant framework or model?				
	h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following:	✓			<ul style="list-style-type: none"> <li>• On behalf of the Greater Manchester Pension Fund we do audit bodies external to the Council and the same process is adopted as for the Council. A Terms of Reference is issued and the planning takes place with both the organisation concerned and the Officer responsible for that area of work within the Greater Manchester Pension Fund. For Pension Fund Employer Visits a letter is also used to outline the objectives and scope of the audit.</li> </ul>
	a) Objectives?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	b) Scope?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	✓			<ul style="list-style-type: none"> <li>• This would be defined as part of the Terms of Reference and the reporting process.</li> </ul>
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:				
	a) Objectives?	✓			<ul style="list-style-type: none"> <li>• This would be discussed and agreed for each review with management and Terms of Reference issued, if appropriate.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	b) Scope?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	For significant consulting engagements, has this understanding been documented?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	<i>2210 Engagement Objectives</i>				
	Have objectives been agreed for each engagement?	✓			<ul style="list-style-type: none"> <li>• These are agreed with the service at the audit planning meeting and then formalised in the Terms of Reference.</li> </ul>
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			<ul style="list-style-type: none"> <li>• This is discussed between the Principal Auditor and the Auditor responsible for the review ahead of the audit planning meeting with the service area. The auditor would start to research the area under review to determine the potential risks and controls to be covered. This would be done by using control matrices available, TIS Online, looking at previous audits delivered and by speaking to colleagues in the team. The risks would be discussed with the service at the audit planning meeting and the key risks to focus on would be prioritised and agreed.</li> </ul>
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			<ul style="list-style-type: none"> <li>• All Terms of Reference are reviewed by the Principal Auditors who will ensure that the preliminary work is reflected in the objectives, however, this can change when the planning meeting takes place and throughout the audit if something comes to light. It is important that the scope of the audit is deliverable within the days allocated to the audit.</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
	Have internal auditors considered the probability of the following, when developing the engagement objectives:				
	a) Significant errors?	✓			<ul style="list-style-type: none"> <li>The auditors will consider each of these factors when planning the audit and developing the Internal Control Evaluation Action Plan which lists the risks and controls to be covered.</li> <li>This is reviewed by the Principal Auditor in line with the Audit Manual and Quality Control Checklist.</li> </ul>
	b) Fraud?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	c) Non-compliance?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	d) Any other risks?	✓			<ul style="list-style-type: none"> <li>See above.</li> </ul>
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			<ul style="list-style-type: none"> <li>Internal audit undertake periodic reviews of performance management across the Council and the need for this is identified as part of the Annual Audit Planning process and included in the scope of specific audit reviews where applicable.</li> <li>During 2020-21 dealing with the COVID -19 Pandemic has been a key priority for the Council.</li> <li>Performance Reports are produced by the Council's Policy, Performance and Communications Team.</li> </ul>
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			<ul style="list-style-type: none"> <li>Performance management is an area which is considered as a standard control in each audit assignment.</li> </ul>
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓			<ul style="list-style-type: none"> <li>Such issues would be reported in an audit report to management and agreement to the recommendations would be obtained from senior management.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
<b>LGAN</b>	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?	✓			<ul style="list-style-type: none"> <li>Value for Money is one of the control objectives considered in all audit reviews, however, full value for money audits are not routinely completed.</li> </ul>
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			<ul style="list-style-type: none"> <li>This would be agreed on a case by case basis with the service for each consultancy assignment.</li> </ul>
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			<ul style="list-style-type: none"> <li>The Principal Auditors and the Head of Risk Management and Audit (CAE) would make this assessment based on the request for consultancy work to determine whether it was consistent with the Council's objectives. If not, the assignment would not be accepted.</li> <li>Any issues would be referred to the Assistant Director of Finance (Deputy Section 151 Officer) for guidance.</li> </ul>
	<i>2220 Engagement Scope</i>				
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			<ul style="list-style-type: none"> <li>This would be confirmed in the Terms of Reference once agreed with the service area manager.</li> <li>The Principal Auditors who are very experienced are involved in defining the scope of audits with the Auditors and ensure that the objective of the review is satisfied.</li> </ul>
	Does the engagement scope include consideration of the following relevant areas of the organisation:				
	a) Systems?	✓			<ul style="list-style-type: none"> <li>This would be confirmed in the Terms of Reference once agreed with the service area manager.</li> <li>All reviews are risk based and would certainly look at the four elements listed.</li> </ul>
	b) Records?	✓			
	c) Personnel?	✓			

Ref	Conformance with the Standard	C	P	N	Evidence
	d) Premises?	✓			
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate:				
	a) Systems?	✓			<ul style="list-style-type: none"> <li>This would be agreed on a case by case basis dependent on the nature of the audit assignment and discussed at the audit planning meeting to ensure all parties were engaged and aware of the review.</li> </ul>
	b) Records?	✓			
	c) Personnel?	✓			
	d) Premises?	✓			
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	✓			<ul style="list-style-type: none"> <li>Any changes to an audit would be agreed with senior management in advance to ensure clarity and understanding. Principal Auditors would use their experience and professional judgement to determine the best way forward and consult with the Head of Risk Management and Audit (CAE) where appropriate.</li> <li>Consideration would be given to separating the two aspects and assigning another auditor to the consultancy element to reduce the risk of impartiality.</li> </ul>
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?	✓			<ul style="list-style-type: none"> <li>The reporting lines and format for reporting would be agreed at the outset of the review and reporting would be consistent with the standards adopted as per the Audit Manual/Control Checklist and the Audit Management System Galileo, which holds all the standard reporting templates.</li> </ul>
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			<ul style="list-style-type: none"> <li>This would be agreed with the service area at the planning meeting and documented in the Terms of Reference.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	✓			<ul style="list-style-type: none"> <li>Any concerns would be flagged with the Principal Auditor who would raise this with the Service Manager and the Head of Risk Management and Audit (CAE).</li> </ul>
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			<ul style="list-style-type: none"> <li>This would be documented in the Audit Management System Galileo and agreed at the planning meeting and covered by the Terms of Reference. The quality control process in place ensures that the controls have been sufficiently addressed.</li> </ul>
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			<ul style="list-style-type: none"> <li>The auditors are mindful of control issues and if a matter was significant enough this would be reported to their Principal Auditor and if necessary the Head of Risk Management and Audit (CAE) for assessment.</li> <li>Consultation would take place with management to determine the way forward.</li> </ul>
	<i>2230 Engagement Resource Allocation</i>				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on:				
	a) The nature and complexity of each individual engagement?	✓			<ul style="list-style-type: none"> <li>An estimated resource is included in the annual internal audit plan at the outset of each financial year. These timescales are usually adhered to unless there is a reason to amend. Any requirement for increased resource has to be agreed with the Principal Auditor and Head of Risk Management and Audit (CAE). If it transpires that the allocated days are not required then the auditor has the flexibility to deliver under resource as long as the objectives of the scope have been met. This would be checked as part of the quality control process.</li> </ul>
	b) Any time constraints?	✓			
	c) The resources available?	✓			

Ref	Conformance with the Standard	C	P	N	Evidence
	<i>2240 Engagement Work Programme</i>				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			<ul style="list-style-type: none"> <li>This is outlined in the Internal Audit Manual/Quality Control Checklist and driven by using the Audit Management System Galileo which hosts all the standard documents/ templates used. Detailed in the Terms of Reference and the Internal Control Evaluation Action Plan (ICEAP) and testing schedules.</li> </ul>
	Do the engagement work programmes include the following procedures for:				
	a) Identifying information?	✓			<ul style="list-style-type: none"> <li>This process to follow is outlined in the Audit Manual and the Internal Audit Quality Control Checklist and driven by using the Audit Management System Galileo which hosts all the standard documents/templates.</li> <li>The information would be considered in the Internal Control Evaluation Action Plan (ICEAP) and testing schedules.</li> <li>The Team consists of a number of experienced auditors who are able to undertake audits and cover the aspects listed below.</li> </ul>
	b) Analysing information?	✓			
	c) Evaluating information?	✓			
	d) Documenting information?	✓			
	Were work programmes approved prior to implementation for each engagement?	✓			<ul style="list-style-type: none"> <li>The work programme/internal control evaluation action plan and any test schedules are reviewed by the Principal Auditor prior to work being undertaken as detailed in the Internal Audit Quality Control Checklist</li> </ul>
	Were any adjustments required to work programmes approved promptly?	✓			<ul style="list-style-type: none"> <li>These would be approved with the Principal Auditor and/or the Head of Risk Management and Audit (CAE) as required.</li> <li>During 2020/21 and the COVID Pandemic all staff have been working from Home and the Principal Auditors maintain regular contact with team members to review</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>progress.</p> <ul style="list-style-type: none"> <li>Regular supervisions are also held to review wellbeing, progress, performance and any training needs identified.</li> </ul>
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	Have internal auditors carried out the following in order to achieve each engagement's objectives:				
	a) Identify sufficient information?	✓			<ul style="list-style-type: none"> <li>This is achieved through using the Audit Management System Galileo which guides the auditor through the audit process and holds the standard documents/templates in line with the Audit Manual/Quality Control Checklist.</li> <li>Any issues would be picked up as part of the quality review process and during supervisions.</li> </ul>
	b) Analyse sufficient information?	✓			
	c) Evaluate sufficient information?	✓			
	d) Document sufficient information?	✓			
	<i>2310 Identifying Information</i>				
	Have internal auditors identified the following in order to achieve each engagement's objectives:				
	a) Sufficient information?	✓			<ul style="list-style-type: none"> <li>This is achieved through using the Audit Management System Galileo which guides the auditor through the audit process and holds the standard documents/templates in line with the Audit Manual/Quality Control Checklist.</li> <li>Any issues would be picked up as part of the quality review process and during supervisions.</li> </ul>
	b) Reliable information?	✓			
	c) Relevant information?	✓			
	d) Useful information?	✓			
	<i>2320 Analysis and Evaluation</i>				
	Have internal auditors based their conclusions and	✓			<ul style="list-style-type: none"> <li>The information is recorded on the Audit Management</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	engagement results on appropriate analyses and evaluations?				System Galileo, which is used to populate the standard documents/templates as defined in the Audit Manual/Quality Control Checklist. Each audit is reviewed by a Principal Auditor and all working papers are reviewed to ensure that the objectives of the audit have been achieved and that the conclusions and recommendations are based on sound analyses and evaluations.
<b>LGAN</b>	Have internal auditors remained alert to the possibility of the following:				
	a) intentional wrongdoing	✓			<ul style="list-style-type: none"> <li>As part of each assignment the auditor needs to complete an Internal Control Evaluation Action Plan which lists all relevant risks, expected controls, actual controls and then an evaluation of the outcome. There are a number of specific risks which should be reviewed as part of each audit therefore ensuring that key themes are considered throughout.</li> <li>The team consists of a number of experienced auditors who are alert to the possibility of wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest.</li> <li>Issues are reported to the Principal Auditors and, where necessary, additional resources would be drafted in to assist depending on the issue identified or it may be referred to the Fraud Investigators/Counter Fraud Specialists. Liaison takes place with the Head of Risk Management and Audit (CAE) and management where appropriate.</li> </ul>
	b) errors and omissions	✓			
	c) poor value for money	✓			
	d) failure to comply with management policy, and	✓			
	e) conflicts of interest	✓			
	When performing their individual audits, and has this been documented?	✓			<ul style="list-style-type: none"> <li>This would be documented within the Audit Management System Galileo.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	<i>2330 Documenting Information</i>				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			<ul style="list-style-type: none"> <li>This would all be documented in the Audit Management System Galileo. Principal Auditors check compliance as part of the quality review process. A suite of standard documents/templates have been prepared which auditors need to complete throughout their assignments.</li> <li>A review checklist is in place which the auditors complete throughout the assignment which links to all the key documentation which need to be in place. Any queries would be referred back to the auditor in the form of "Review Points" for further work or clarification.</li> </ul>
<b>LGAN</b>	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			
	Does the CAE control access to engagement records?	✓			<ul style="list-style-type: none"> <li>Internal Audit working papers are maintained and recorded within the Audit Management System Galileo which is held on the Council's servers managed by ICT Services. Access to the system is restricted to members of the Internal Audit Team only and controlled by a username and password.</li> <li>The arrangements for releasing reports are set out in the Annual Audit Plan Report, the Internal Audit Charter and the Reporting Matrix held within the Audit Manual.</li> </ul>
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓			<ul style="list-style-type: none"> <li>As detailed in the Quality Control Checklist audit reports have to be cleared for issue by the Assistant Director responsible for the area under review and the Head of Risk Management and Audit (CAE).</li> <li>Disclosure to external parties would be discussed at the outside of the audit engagement and agreed with management.</li> <li>Extract Reports are sometimes produced where action is required by different areas of the Council and/or external agencies and they do not need to see the full audit report.</li> <li>Any areas of concern would be discussed with</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
					management and/or the Assistant Director of Finance (Deputy Section 151 Officer)/Legal Services.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			<ul style="list-style-type: none"> <li>The retention periods are set out in the Audit Manual and the Councils Retention and Disposal Guidelines and Schedule which are available on the Staff Portal as part of the Information Governance page.</li> <li>The Council has appointed a Records Manager and a Draft Records Management Policy will be considered by the Audit Panel in July 2021. Further work on retention schedules is planned.</li> </ul>
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			
	<i>2340 Engagement Supervision</i>				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			<ul style="list-style-type: none"> <li>The Principal Auditor will attend the planning meeting with the auditor to ensure a shared knowledge of the area and agreement in respect of the objectives and scope of the audit. A quality review process is built in the process to ensure that adequate supervision arrangements are in place. If the auditor feels it appropriate to meet with the Head of Risk Management and Audit (CAE) at any stage to discuss the audit then this will be accommodated.</li> <li>The Quality Control Checklist and the Galileo system capture key dates where supervision has taken place.</li> <li>Supervision take place every 4 to 6 weeks to discuss wellbeing, progress, performance and any training identified.</li> </ul>
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			<ul style="list-style-type: none"> <li>See above response.</li> <li>When a draft report is issued from the Audit Management System Galileo a number of review points can be raised in the system and it keeps a trail of these to ensure all points have been closed before the report is issued. The</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					Principal Auditors are responsible for ensuring all aspects of the Quality Control Process are adhered to and documented.
<b>4.5</b>	<b>2400 Communicating Results</b>				•
	Do internal auditors communicate the results of engagements?	✓			• Draft and final reports are issued by the Head of Risk Management and Audit (CAE). The Auditor and Principal Auditor would attend the closure meeting to verbally communicate the findings and recommendations and discuss management responses.
	<i>2410 Criteria for Communicating</i>				
	Do the communications of engagement results include the following:				
	a) The engagement's objectives?	✓			<ul style="list-style-type: none"> <li>• A standard reporting template is used which covers:- <ul style="list-style-type: none"> <li>• Introduction;</li> <li>• Audit Scope and Objectives;</li> <li>• Risks;</li> <li>• Audit Outcome;</li> <li>• Audit Assurance;</li> <li>• Action Plan; and</li> <li>• Levels of Priority/Assurance.</li> </ul> </li> </ul>
	b) The scope of the engagement?	✓			
	c) Applicable conclusions?	✓			
	d) Recommendations and action plans, if appropriate?	✓			
<b>LGAN</b>	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			• A draft report is issued and a closure meeting is held for every audit prior to the final report being issued.
<b>LGAN</b>	If recommendations and an action plan have been included, are recommendations prioritised according	✓			<ul style="list-style-type: none"> <li>• All recommendations are graded with a priority:- <ul style="list-style-type: none"> <li>• High</li> </ul> </li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	to risk?				<ul style="list-style-type: none"> <li>• Medium</li> <li>• Low</li> <li>• Efficiency</li> </ul>
<b>LGAN</b>	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			<ul style="list-style-type: none"> <li>• Recommendations will be discussed at the draft report closure meeting and an agreed action, target date and responsible officer will be agreed with service management and their response will be included in the final report.</li> </ul>
<b>LGAN</b>	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	✓			<ul style="list-style-type: none"> <li>• This happens very rarely as agreement is reached through negotiation. If a recommendation could not be agreed an audit comment would be included in the Action Plan if it was felt that the recommendation was valid and included in the final report. Final Reports are issued to the Chief Executive, Director of Governance and Pensions (Monitoring Officer), Director of Finance (Section 151 Officer) and the Executive Member for the service area under review.</li> <li>• If during the Draft Report Closure Meeting an inaccuracy has been recorded, which leads to a recommendation which is incorrect the providing evidence is provided to confirm management's view, then the Principal Auditor may agree to remove a recommendation.</li> <li>• Disagreements would be discussed with the Head of Risk Management and Audit (CAE) and/or Assistant Director of Finance (Deputy Section 151 Officer).</li> </ul>
<b>LGAN</b>	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			<ul style="list-style-type: none"> <li>• The auditors are expected/instructed to disclose all material facts in their working papers and the report and this is checked by the Principal Auditor during the review process as outlined in the Internal Audit Quality Control Checklist.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
<b>LGAN</b>	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			<ul style="list-style-type: none"> <li>Every report includes an audit outcome and an audit assurance level/statement. The Head of Risk Management and Audit (CAE) takes account of these when preparing the annual opinion.</li> </ul>
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			<ul style="list-style-type: none"> <li>The draft report will include the assurance statement which can be discussed with senior management before the report is issued. The Audit Panel/Greater Manchester Pension Fund Local Board will have sight of the final assurance statement and have the ability to call officers to a future meeting to explain their response where a low level of assurance has been issued.</li> </ul>
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			<ul style="list-style-type: none"> <li>This is achieved through adherence to the Audit Manual/Quality Control Checklist and the use of the Audit Management System Galileo, a thorough review process and discussion and engagement with management to ensure the report accurately reflects the area reviewed and that the recommendations are accepted for implementation.</li> </ul>
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			<ul style="list-style-type: none"> <li>If good practice is identified as part of the review this is outlined in the audit outcome section of the report. This is also reflected by the number of recommendations made and the assurance level given.</li> </ul>
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓			<ul style="list-style-type: none"> <li>Where applicable this would be added to the report and the email communication sent with it.</li> <li>Extract Report may be considered to ensure the detail is limited to those that need to know.</li> </ul>
<b>LGAN</b>	Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the	✓			<ul style="list-style-type: none"> <li>When undertaking reviews of partnership arrangements these are done on behalf of the Council and the scope would be set to ensure that the audit focuses on the</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	risks of doing so been managed effectively, having regard to the CAE's primary responsibility to the management of the organisation for which they are engaged to provide internal audit services?				Council's interests.
	<i>2420 Quality of Communications</i>				
	Are communications:				
	a) Accurate?	✓			<ul style="list-style-type: none"> <li>All fieldwork/working papers are reviewed by the Principal Auditors. Reports are initially issued as draft and a closure meeting held with the service to agree the report is accurate, the findings and that the recommendations are acceptable before the final report is issued. The final report is reviewed by the Head of Risk Management and Audit (CAE). This process is captured in the Audit Manual/Quality Control Checklist.</li> <li>A draft report deadline is agreed with the client at the outset of the audit. The auditor will then plan their work to ensure that the deadline is achieved and adequate time is factored in for the Principal Auditor to undertake the quality review process.</li> <li>The audit process needs to be reviewed to ensure that reports are issued in a timely manner.</li> </ul>
	b) Objective?	✓			
	c) Clear?	✓			
	d) Concise?	✓			
	e) Constructive?	✓			
	f) Complete?	✓			
	g) Timely?		✓		
	<i>2421 Errors and Omissions</i>				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			<ul style="list-style-type: none"> <li>The factual accuracy of the report should be dealt with at draft report stage where a closure meeting is held with the service to agree the findings and recommendations. If an error was identified after issuing the final report and notified to Internal Audit, the Head of Risk Management and Audit (CAE) would discuss this with the Principal Auditor and make an assessment on whether the change was necessary and if so the final report would be</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					amended and recirculated to all recipients, stating why the report has been re-issued.
	<i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓			<ul style="list-style-type: none"> <li>All reports state that the "This Audit has been undertaken in accordance with the Public Sector Internal Audit Standards". Conformance is reported to the Audit Panel/Greater Manchester Pension Fund Local Board on an annual basis.</li> </ul>
	<i>2431 Engagement Disclosure of Nonconformance</i>				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following:				
	a) The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved?	✓			<ul style="list-style-type: none"> <li>The Self-assessment undertaken by the Head of Risk Management and Audit against the PSIAS has not identified any significant issues. A full report is provided to the Audit Panel annually assessing the service against PSIAS.</li> <li>In terms of individual pieces of work these are monitored throughout the audit by the Principal Auditors and subject to final review by the Head of Risk Management and Audit (CAE) before being issued. If any concerns came to light throughout the work these would be reported to the Head of Risk Management and Audit (CAE) who would report to the Assistant Director of Finance (Deputy Section 151 Officer) as appropriate. To date, no incidents have come to light and therefore it is not possible to evidence examples of where this has happened.</li> </ul>
	b) The reason(s) for non-conformance?	✓			
	c) The impact of non-conformance on the engagement and the engagement results?	✓			

Ref	Conformance with the Standard	C	P	N	Evidence
	<i>2440 Disseminating Results</i>				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			<ul style="list-style-type: none"> <li>• Reporting lines within the service area will be agreed at the audit planning meeting, however, as set out in the Annual Plan Report, Internal Audit Charter and Reporting Matrix, a standard reporting protocol is in place.</li> <li>• At the draft report stage this will usually include the relevant Assistant Director, Head of Service and any service manager involved in delivering the service or responsible for implementing a recommendation.</li> <li>• The final report will go to all of the above and the Chief Executive, Director of Governance and Pensions (Monitoring Officer), Director of Finance (Section 151 Officer), Assistant Director of Finance (Deputy Section 151 Officer) the Director and Executive Member for the area under review and External Audit.</li> <li>• The assurance level for each audit will be reported to Audit Panel/ Greater Manchester Pension Fund Local Board.</li> <li>• Reporting to external organisations in relation to the Pension Fund is discussed with the managers at each stage of the process.</li> <li>• Should any other officer require a copy of the report a request must be made to the Head of Risk Management and Audit (CAE) who will then either seek approval from the Assistant Director of Finance (Deputy Section 151 Officer) or relevant Director requesting authorisation to release the report.</li> <li>• Extract Reports may be issued in some instances where an officer may be responsible for only one or two recommendations and that officer does not need to see the full detail of the report.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	Has the CAE communicated engagement results to all appropriate parties?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	Before releasing engagement results to parties outside the organisation, did the CAE:				
	a) Assess the potential risk to the organisation?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	b) Consult with senior management and/or legal counsel as appropriate?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	c) Control dissemination by restricting the use of the results?	✓			<ul style="list-style-type: none"> <li>• See above.</li> </ul>
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			<ul style="list-style-type: none"> <li>• Ordinarily, when undertaking a consultancy engagement the results of this would be reported to the service commissioning the work. However, if serious issues were identified then the Head of Risk Management and Audit (CAE) would flag these with the Director of Finance (Section 151 Officer) and/or the Assistant Director of Finance (Deputy Section 151 Officer) and, if necessary, instigate a change to the audit plan so that the issues can be reviewed in more detail.</li> </ul>
	<i>2450 Overall Opinion</i>				
	Has the CAE delivered an annual internal audit opinion?	✓			<ul style="list-style-type: none"> <li>• This is included in the Risk Management and Audit Services Annual Report which is presented to the Audit Panel/Greater Manchester Pension Fund Local Board every year usually June/July.</li> </ul>
	Does the annual internal audit opinion conclude on	✓			<ul style="list-style-type: none"> <li>• This is reported in the Head of Risk Management and</li> </ul>



Ref	Conformance with the Standard	C	P	N	Evidence
	the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?				Audit's (CAE) Annual Report to the Audit Panel/Greater Manchester Pension Fund Local Board.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			<ul style="list-style-type: none"> <li>The annual opinion is discussed with the Assistant Director of Finance (Deputy Section 151 Officer) and presented to the Audit Panel/Greater Manchester Pension Fund Local Board who can comment and challenge.</li> </ul>
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			<ul style="list-style-type: none"> <li>Based on the results of audit work over the financial year and recorded in the Audit Management System Galileo.</li> <li>Regular activity reports are provided to Senior Management which show the plan for their area, actual days delivered, the status of the audit and any assurance levels allocated.</li> <li>Assurance levels are reported to the Audit Panel/Greater Manchester Pension Fund Local Board at every meeting in the Progress Report presented by the Head of Risk Management and Audit Services (CAE).</li> <li>The annual opinion draws on the information from these and also the details included in the Annual Governance Statement and other assurance work available to the Head of Risk Management and Audit Services (CAE).</li> </ul>
	Does the communication identify the following:				
	a) The scope of the opinion, including the time period to which the opinion relates?	✓			<ul style="list-style-type: none"> <li>All detailed in the Annual Report provided by the Head of Risk Management and Audit Services (CAE).</li> </ul>
	b) Any scope limitations?	✓			<ul style="list-style-type: none"> <li>As Above</li> </ul>
	c) The consideration of all related projects including the reliance on other assurance providers?	✓			<ul style="list-style-type: none"> <li>As Above</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			<ul style="list-style-type: none"> <li>As Above</li> </ul>
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	✓			<ul style="list-style-type: none"> <li>These would be detailed in the Annual Report should the need arise.</li> </ul>
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			<ul style="list-style-type: none"> <li>The Annual Report produced by the Head of Risk Management and Audit is used as part of the assurance framework for the Annual Governance Statement and presented to the Audit Panel in June/July.</li> </ul>
	Does the annual report incorporate the following:				
	a) The annual internal audit opinion?	✓			<ul style="list-style-type: none"> <li>All detailed in the Annual Report provided by the Head of Risk Management and Audit Services (CAE).</li> </ul>
<b>LGAN</b>	b) A summary of the work that supports the opinion?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
<b>LGAN</b>	c) A disclosure of any qualifications to the opinion?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
<b>LGAN</b>	d) The reasons for any qualifications to the opinion?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
<b>LGAN</b>	e) A disclosure of any impairments or restriction in scope?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
<b>LGAN</b>	f) A comparison or work actually carried out with the work planned?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
	g) A statement on conformance with the PSIAS?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
<b>LGAN</b>	h) The results of the QAIP?	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>
<b>LGAN</b>	i) Progress against any improvement plans resulting	✓			<ul style="list-style-type: none"> <li>See Above</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
	from the QAIP?				
<b>LGAN</b>	j) A summary of the performance of the internal audit activity against its performance measures and targets?	✓			<ul style="list-style-type: none"> <li>• See Above</li> </ul>
	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓			<ul style="list-style-type: none"> <li>• See Above</li> </ul>
<b>4.6</b>	<b>2500 Monitoring Progress</b>				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	✓			<ul style="list-style-type: none"> <li>• Post Audit Reviews (PAR) are conducted six months after the issue of a final report. However, if a low level of assurance is given then the Post Audit Review is conducted after three months.</li> <li>• All PARs are recorded in a spreadsheet and monitored by both the auditor who issued the final report and the Principal Auditor. The audit management system is not used to track recommendations, although this has been identified as a development area.</li> <li>• When a PAR is due the auditor will prepare the PAR document from Galileo making reference to the final report issued to ensure the process has captured all the recommendations made. This is then issued to the responsible officers for completion. Meetings are then arranged to discuss the recommendations and whether they have been implemented. Once completed and the evidence collated the Post Audit Review is reviewed by the Principal Auditor. Before it is released the Assistant Director for the area is asked to authorise release in accordance with the quality control checklist.</li> <li>• The final document is then sent to the Head of Risk Management and Audit (CAE) for review. Once approved it is circulated to all recipients of the final</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<p>report.</p> <ul style="list-style-type: none"> <li>Results of progress are reported at summary level to the Audit Panel/Greater Manchester Pension Fund Local Board at each meeting. Any significant outstanding recommendations that are of concern to Internal Audit would be reported to the Audit Panel/Greater Manchester Pension Fund Local Board; however, in the majority of cases these are implemented.</li> <li>A more detailed report is provided to management as part of the quarterly review meetings which are conducted by the Principal Auditors.</li> </ul>
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			<ul style="list-style-type: none"> <li>A revised audit opinion is not issued as the Post Audit Review only looks at the recommendations made, it does not revisit all controls examined at the audit and therefore at that stage cannot confirm that all controls are still operating effectively. In the Post Audit Review report an outcome is reported which indicates that by implementing the recommendations the internal controls in place will have improved.</li> <li>If issues were uncovered at the PAR that indicated things had deteriorated then this would be raised with the Director/Assistant Director responsible for the area to understand why. A second PAR may be scheduled.</li> <li>Any significant concerns would be raised with the Assistant Director of Finance (Deputy Section 151 Officer) and the Audit Panel if appropriate.</li> </ul>
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			<ul style="list-style-type: none"> <li>This is considered as part of the risk assessment of the audit universe which is undertaken each year during the annual planning process.</li> </ul>
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			<ul style="list-style-type: none"> <li>This is agreed on a case by case basis with the service area concerned.</li> </ul>

Ref	Conformance with the Standard	C	P	N	Evidence
					<ul style="list-style-type: none"> <li>If appropriate a PAR would be undertaken to follow up the recommendations made.</li> </ul>
<b>4.7</b>	<b>2600 Communicating the Acceptance of Risks</b>				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			<ul style="list-style-type: none"> <li>If agreement could not be reached then this would be recorded in the internal audit report next to the relevant audit recommendation by way of an Audit Comment, which would reiterate the original recommendation.</li> <li>Significant issues would be raised with the Service Director and the Director of Finance (Section 151 Officer)/Assistant Director of Finance (Deputy Section 151 Officer) and where appropriate reported to the Audit Panel/ Greater Manchester Pension Fund Local Board.</li> <li>This has not happened in recent years and usually agreement is reached with senior management through negotiations prior to reaching the escalation stage.</li> </ul>
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			<ul style="list-style-type: none"> <li>Matters would be escalated as detailed above.</li> </ul>

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# Agenda Item 8.

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Wendy Poole – Head of Risk Management and Audit Services
<b>Subject:</b>	<b>RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2020/21</b>
<b>Report Summary:</b>	The report summarises the work performed by the Service Unit and provides assurances as to the adequacy of the Council's systems of internal control.
<b>Recommendations:</b>	Members note the report and the performance of the Service during 2020/21.
<b>Corporate Plan:</b>	Risk Management and Internal Audit support the individual operations, which deliver the objectives within the Corporate Plan.
<b>Policy Implications:</b>	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications:</b> (Authorised by the statutory Section 151 Officer and Chief Finance Officer)	Effective Risk Management and Internal Audit 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.
<b>Legal Implications:</b> (Authorised by the Borough Solicitor)	<p>The legal framework the Council operates within is set out in the main body of the report. In particular the Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (as amended):</p> <p><i>A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk.</i></p> <p>The purpose of the legislative requirements is to ensure that the Council delivers its strategic aim and operates its business, under general principles of good governance which members need to consider when receiving this report. Such good governance is all the more critical in times when the council is operating in a particularly challenging financial climate.</p>
<b>Risk Management:</b>	The services of the Risk Management and Audit Service Unit assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed and controlled and that a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes is in place.
<b>Access to Information:</b>	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](mailto:wendy.poole@tameside.gov.uk)



## 1 INTRODUCTION

- 1.1 The purpose of the report is to present a review of the Risk Management and Audit Service for 2020/21, including the provision of an opinion on how the Council secures governance, risk management and internal control.
- 1.2 The service covers:-
- Internal Audit (including Irregularity Investigations and Counter Fraud work);
  - Risk, Insurance and Information Governance; and
  - National Anti-Fraud Network (NAFN) Data and Intelligence Services.

## 2 KEY SERVICE ACHIEVEMENTS DURING 2020/21

The major achievements of the Service Unit for 2020/21 are shown below.

<ul style="list-style-type: none"><li>• The implementation rate for audit recommendations was 87%.</li></ul>
<ul style="list-style-type: none"><li>• The percentage of Planned Audits completed was 94%.</li></ul>
<ul style="list-style-type: none"><li>• Customer feedback is very positive with continued high levels of satisfaction demonstrated on customer questionnaires and feedback from managers.</li></ul>
<ul style="list-style-type: none"><li>• Annual reports, plans and regular progress reports presented to Members via the Audit Panel and the Greater Manchester Pension Fund Local Board.</li></ul>
<ul style="list-style-type: none"><li>• The Annual Governance Statement 2019/20 was produced in accordance with best practice and agreed timescales and no adverse comments were received when our External Auditors (Mazars) reviewed it.</li></ul>
<ul style="list-style-type: none"><li>• Advice and support has been provided to both the Growth Directorate and Exchequer Services to ensure the COVID-19 grants to support businesses were assessed and paid following a robust process to minimise the likelihood of fraud.</li></ul>
<ul style="list-style-type: none"><li>• Resources were redirected to meet the priorities of the Council in relation to the above grants as Internal Audit staff supported the processing of the grants.</li></ul>
<ul style="list-style-type: none"><li>• Grant claims reviewed by Internal Audit have resulted in grants totalling £301,000 being withheld and Fraudulent claims totalling £230,000 being investigated and pursued through to recovery.</li></ul>
<ul style="list-style-type: none"><li>• The National Anti-Fraud Network (NAFN) has worked closely with Central Government including the Cabinet Office and the Department for Business, Energy and Industrial Strategy to provide data and intelligence regarding the number and value of frauds from members.</li></ul>
<ul style="list-style-type: none"><li>• Following an inspection in November 2020, NAFN received a very successful inspection outcome from the Investigatory Powers Commissioners Officer (IPCO), receiving only one recommendations and four observations of good practice.</li></ul>
<ul style="list-style-type: none"><li>• NAFN were shortlisted for five awards and were successful in winning the iNetwork Effective Information Sharing and Security Award.</li></ul>
<ul style="list-style-type: none"><li>• The insurance renewal process was completed on time and all policies were updated and effective from April 2021 and within budget.</li></ul>
<ul style="list-style-type: none"><li>• Information Governance support has been provided across the Council, including supporting the COVID-19 response to ensure data is managed in accordance with UK GDPR and the Data Protection Act 2018.</li></ul>

### 3 INTERNAL AUDIT

3.1 The definition of Internal Audit is outlined by the Public Sector Internal Audit Standards as follows:

“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

3.2 The key elements of the definition are:-

- **Risk Management** – A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation’s objectives.
- **Control** – Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.
- **Governance** – The combination of processes and structures implemented by the Board to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

3.3 The provision of Internal Audit is defined by the following legislation

- **Local Government Act 1972 Section 151**

*“Every Local Authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs”*

The Council’s Constitution formally nominates the Director of Finance as the Council’s Section 151 Officer who will rely on the work of the Internal Audit Service for assurance that the Council’s financial systems are operating satisfactorily.

- **Accounts and Audit Regulations 2015 (as amended) Part 2, Section 3 – Responsibility for Internal Control**

A relevant Authority must ensure that it has a sound system of internal control which:-

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- b) ensures that the financial and operational management of the authority is effective; and
- c) includes effective arrangements for the management of risk.

- **Accounts and Audit Regulations 2015 (as amended) Part 2, Section 5 – Internal Audit**

(1) A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant body must, if required to do so for the purpose of the internal audit:

- a) Make available such documents and records; and
- b) Supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic form.

This is supported by the Council's Financial Regulations, which reflect Internal Audit's statutory authority to review and investigate all areas of the Council's activities in order to ensure that the Council's interests are protected.

- **Accounts and Audit Regulations 2015 (as amended) Section 6 – Review of Internal Control System**

- (1) A relevant Authority must, each financial year:
  - a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
  - b) prepare an annual governance statement.
- (2) If the relevant Authority referred to in paragraph (1) is a Category 1 Authority, following the review, it must:
  - a) consider the findings of the review required by paragraph (1)(a):
    - i) by a committee; or
    - ii) by members of the Authority meeting as a whole; and
  - b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of:
    - i) a committee; or
    - ii) members of the Authority meeting as a whole.
- (3) Relates to Category 2 Authorities and not applicable to the Council.
- (4) The annual governance statement, referred to in paragraph (1)(b) must be:
  - a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
  - b) prepared in accordance with proper practices in relation to accounts (a).

3.4 The Terms of Reference for the Audit Panel adequately meet the requirements of the Accounts and Audit Regulations 2015 (as amended) and the Chartered Institute of Public Finance and Accountancy Position Statement: Audit Committees in Local Authorities and Police 2018.

3.5 The review of the effectiveness of the system of internal control referred to in paragraph 3.3 has been conducted and a separate report is on the agenda.

#### **4 AUDIT COVERAGE FOR 2020/21**

4.1 The report presented to the Audit Panel on 10 March 2020 provided an overview of the work planned for 2020/21 for the Service Unit. The Original Annual Audit Plan of 1,510 days was detailed in the report and approved by the Audit Panel. The Audit Plan, however, as reported during the year has been revised on a regular basis to ensure that it was aligned to changes in service priorities, risks, directorate structures and resources available.

4.2 The Team has worked from home all year. Whilst initially auditing was difficult at the start of the year due to many services being affected by the Covid-19 Pandemic response, auditing in the virtual world is now progressing well and the team are adopting new ways of working to collate and gather the evidence needed to support their audit work.

4.3 Some staff were redeployed to assist with the processing of grant payments to support businesses, however, owing to the breadth of the audit plan it was still possible to complete audits in areas not directly providing the Covid-19 response. So whilst audit days were lost the Team have worked hard to ensure audit coverage was delivered.

4.4 Table 1 below shows the full year position of the Audit Plan by Directorate/Service Area. It details the Approved Plan, the Revised Plan, the Actual Days delivered as at 31 March 2021 and the percentage completed. **Appendix 1** provides a detailed breakdown of the 2020/21 Audit Plan.

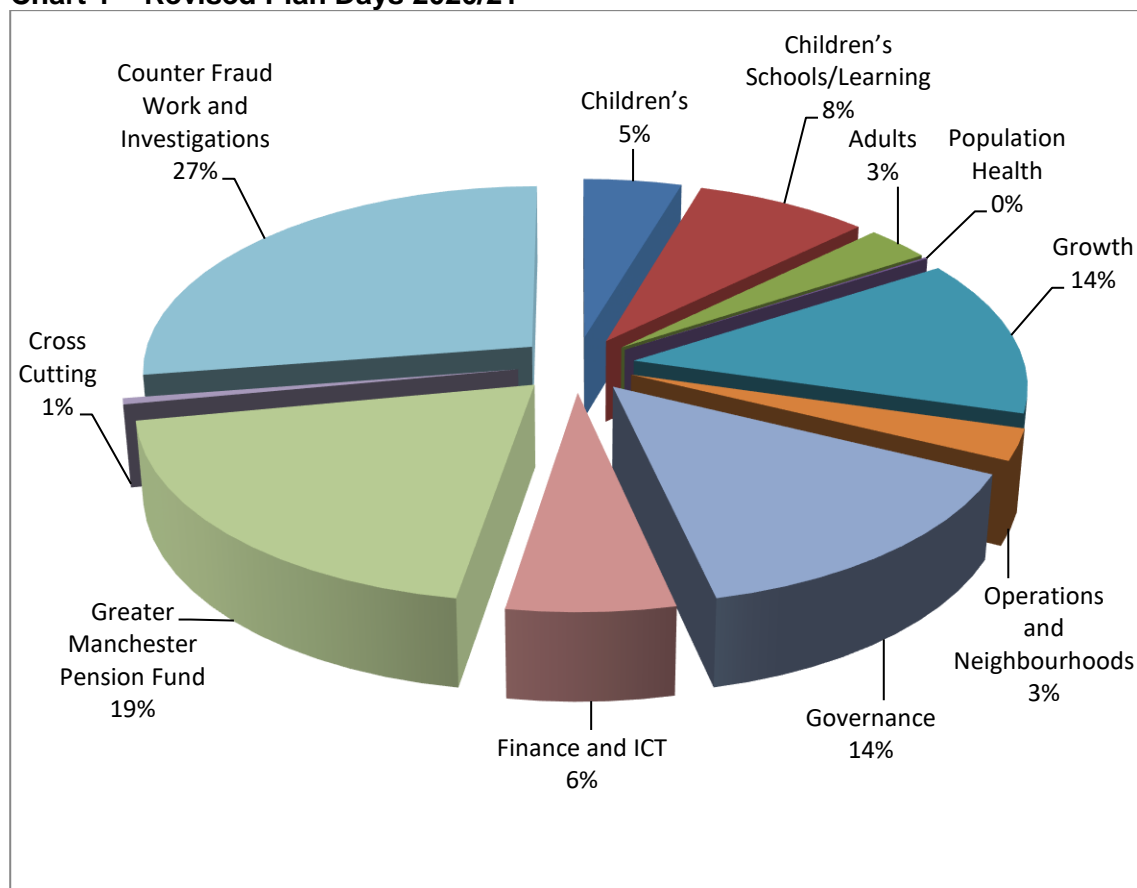
4.5 The Actual Days delivered to 31 March 2021 of 1,480 were below the Revised Plan of 1,516 by 36 Days, the shortfall is a result of unanticipated sickness in quarter 4, further assistance provided to the Growth Directorate for the processing of business grants and delayed recruitment to the post of Senior Auditor.

**Table 1 – Audit Plan Progress as at 31 March 2021**

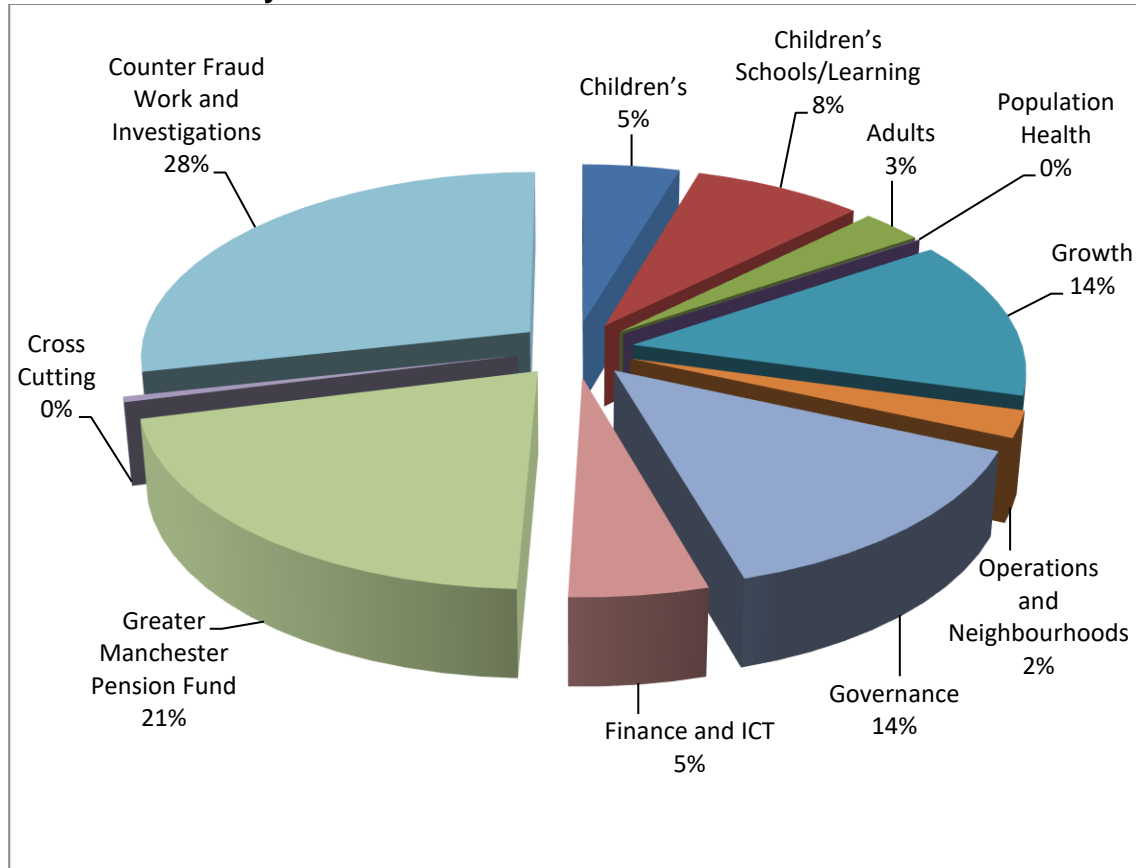
Directorate/Service Area	Approved Plan Days 2020/21	Revised Plan Feb 2021	Actual Days March 2021	% Plan Complete Plan
Children's	80	70	68	97
Children's Schools/Learning	181	124	119	96
Adults	82	46	43	93
Population Health	22	2	1	50
Growth	74	205	203	99
Operations and Neighbourhoods	66	41	34	83
Governance	163	217	206	95
Finance	141	92	74	80
Cross Cutting	71	8	7	88
Greater Manchester Pension Fund	320	295	304	103
Fraud/Information Investigations	310	416	421	101
<b>Total Planned Days for 2020/2021</b>	<b>1,510</b>	<b>1,516</b>	<b>1,480</b>	<b>98</b>

4.6 The charts below detail the Revised Plan Days and Actual Days Delivered per Directorate/Service Area for 2020/21.

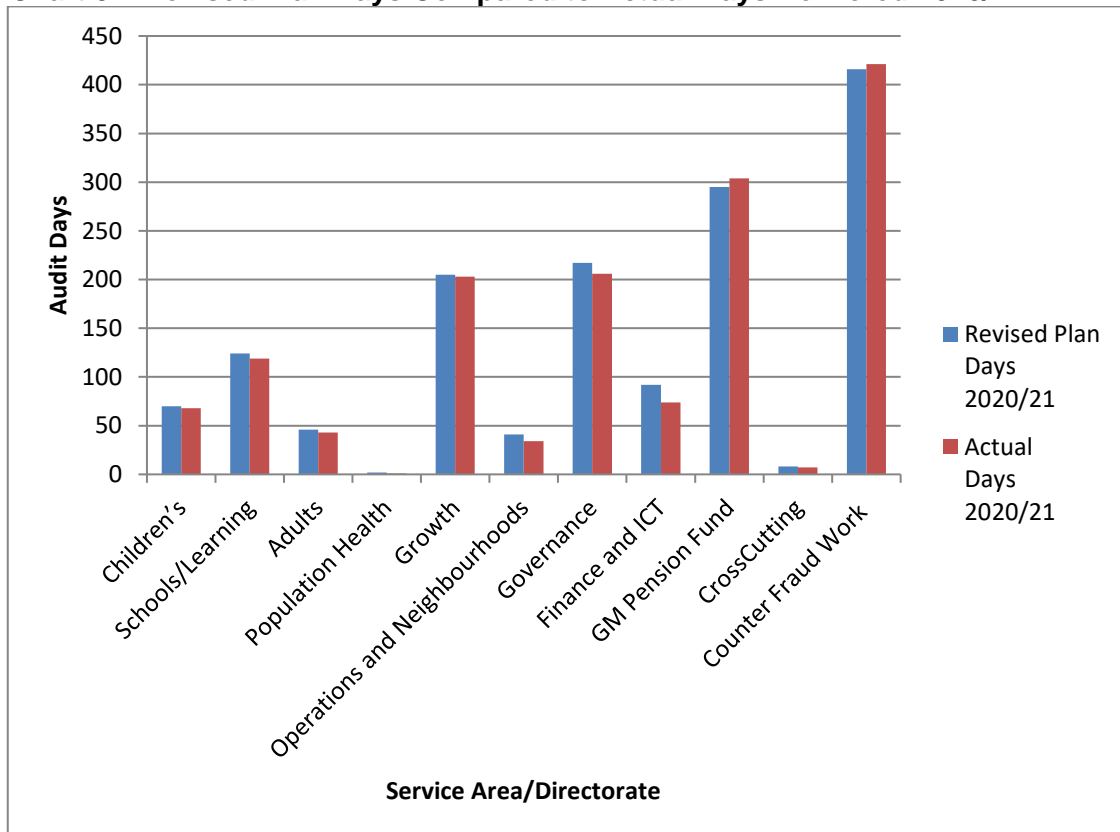
**Chart 1 – Revised Plan Days 2020/21**



**Chart 2 – Audit Days Delivered 2020/21**



**Chart 3 – Revised Plan Days Compared to Actual Days Delivered 2020/21**



- 4.7 The successful delivery of the plan can be measured in three ways:-
- Actual Productive Audit Days Delivered against the Revised Plan  
The days delivered against the plan, including Fraud Work totalled 1,480 compared to the revised plan of 1,516, which represents 98%.
  - Actual Productive Audit Days Delivered against the Original Plan  
The days delivered against the plan, including Fraud Work totalled 1,480 compared to the original plan of 1,510, which represents 98%.
  - Percentage of Planned Audits Completed  
This measure focuses on the planned audits, calculates the actual rate of completion per audit, and then consolidates the individual outcomes into one single percentage figure. The figure for 2020/21 is 94% compared to 92% achieved in the previous year 2019/20.
- 4.8 The following sections of the report provide details of the key areas covered during the period April 2020 to March 2021 and comment on any important issues arising from our work.

**Financial Systems:**

- 4.9 During 2020/21 work has been undertaken on the financial systems detailed in Table 2 below to ensure they were operating securely, fit for purpose and that the information generated from them into the general ledger was reliable. Where issues were identified as part of the systems audit work, action plans were agreed with management and these will be followed up in due course:-

**Table 2 – Financial Systems Work 2020/21**

<b>Final Reports Issued</b>	<b>Level of Assurance</b>	<b>Date of Issue/Comments</b>	
Budgetary Control and Financial Management – Children’s Services	Low	Issued June 2020 PAR completed 16 June 2021 – 77% of recommendations have been implemented	
General Ledger	Medium	Issued 3 November 2020 PAR – In Progress	
Payroll	High	Issued 31 March 2021 PAR Due October 2021	
Capital Projects – Education	Low	Issued 7 October 2020 PAR Deferred	
Retirement Process	High	Issued 16 November 2020 PAR - In Progress	
Pension Benefits Payable	Medium	Issued 5 January 2021 PAR Due July 2021	
<b>Draft Reports Issued</b>	<b>Level of Assurance</b>	<b>Date of Issue/Comments</b>	
Procure to Pay	Medium	Draft Issued 12 Feb 2021 Final Issued 9 April 2021 PAR Due October 2021	
Custodian Arrangement	High	Draft Issued 26 March 2021 Final Issued 17 June 2021 PAR Due December 2021	
Ill Health Insurance Arrangement	High	Draft Issued 8 April 2021 Final Report 11 June 2021 PAR Due December 2021	
<b>Post Audit Reviews</b>	<b>Level of Assurance</b>	<b>Date Completed</b>	<b>% of Recs Implemented</b>
Bank Reconciliation Procedures	Medium	May 2020	85%
Apprenticeship Levy	Medium	June 2020	100%
Stocks and Stores	Low	April 2021	89%

Work in Progress
Children's Home – Review of Expenditure
Procurement of Placements for Children
Capita System Review
PAR – Budgetary Control and Financial Management – Children's Services (Outstanding at Year End but completed in June 2021)
PAR – Income Management (Completed 19/04/21 – All recommendations implemented)
PAR – Control Report Purchasing Cards/Petty Cash
PAR – Determination and Recovery of Adult Service Care and Support Charges
PAR – Softbox
PAR – Creditors (Pension Fund)

4.10 Sections 4.11 to 4.19 provide details of the audit work undertaken in each directorate.

#### 4.11 **Adults**

Areas reviewed during the year have included:-

- Contract Monitoring – Care Homes
- System Sign Off – Rosta System
- Control Report – Care Home

#### 4.12 **Children's/Learning**

Areas reviewed during the year have included:-

- Procurement of Placements for Children
- System Sign Off – Early Years Module

#### 4.13 **Population Health**

No audits were delivered in this area as the Team managed the Council's response to the Coronavirus/COVID-19.

#### 4.14 **Growth**

Areas reviewed during the year have included:-

- Capital Projects – Education
- Advice and Support for Grants paid to support Businesses
- Processing of Grants paid to support Businesses
- Hattersley Collaboration Agreement

The Audit Team itself was heavily involved in the response to COVID-19 as resources were redirected to assist with the processing of grant applications to support the Growth Directorate and providing advice and support to ensure the application process was robust and minimised the potential for fraud.

#### 4.15 **Operations and Neighbourhoods**

Areas reviewed during the year have included:-

- System Sign Off - Markets
- Local Authority Bus Subsidy Grant

#### 4.16 **Governance**

Areas reviewed during the year have included:-

- Advice and Support – COVID-19 Business Support Grants
- Advice and Support – COVID-19 Self Isolation Payments
- Processing of Business Support Grants
- Capita System Review
- Procure to Pay
- Payroll system
- Registrars Financial Audit

- Advice and Support – iTrent Self-Service
- Agresso Upgrade
- Car Allowance Assurance Work
- Duplicate Payments
- Looked After Children's Health

The Audit Team itself was heavily involved in the response to COVID-19 as resources were redirected to assist with the processing of grant applications to support Exchequer Services and providing advice and support to ensure the application process was robust and minimised the potential for fraud.

#### 4.17 Finance

Areas reviewed during the year have included:-

- General Ledger
- Third Party Supplier Management
- ICT Business Continuity and Disaster Recovery
- Network Security
- Access Control Management
- Vulnerability Management
- Cooperative Network Infrastructure

#### 4.18 Crosscutting

Areas reviewed during the year have included:-

- Procurement – STAR Audit New Supplier Set Up
- Advice and Support – UK Mail

#### 4.19 Greater Manchester Pension Fund:-

Areas reviewed during the year have included:-

- Agresso Upgrade
- System Sign Off – iKEN
- Custodian Arrangements
- Fund Manager Review
- Advice and Support – My Pension
- Visits to Contributing Bodies
- Retirement Process
- Information Governance/GDPR
- Ill Health Insurance Arrangements
- Transfers Out
- Advice and Support – iConnect
- Pension Benefits Payable
- Local Investments
- Advice in relation to system change and updates

4.20 A summary of the audit opinions issued in relation to risk/system based audit work for 2020/21, compared to 2019/20 and 2018/19 is shown in Table 3 below: -

**Table 3 – Final Reports System Based Audits**

Opinion	Total for 2020/21	%	Total for 2019/20	%	Total for 2018/19	%
High	5 (3)	31	7 (6)	27	11 (9)	37
Medium	7 (4)	44	14 (3)	54	13 (5)	43
Low	4	25	5 (1)	19	6 (3)	20
<b>Totals</b>	<b>16 (7)</b>	<b>100</b>	<b>26 (10)</b>	<b>100</b>	<b>30 (17)</b>	<b>100</b>

Note: The figures in brackets in the above table relate to the Pension Fund



- 4.22 In addition to the 16 final reports issued above, a further 6 draft reports have been issued for comments and management responses and these will be reported to the Panel in due course.
- 4.23 10 schools have been audited and final reports issued as part of our cyclical review programme during 2020/21. A summary of the opinions issued for schools during 2020/21 compared to 2019/20 and 2018/19 is shown in Table 4 below: -

**Table 4 – Audit Opinions – Schools**

Opinion	Total for 2020/21	%	Total for 2019/20	%	Total for 2018/19	%
High	3	30	1	8	8	35
Medium	5	50	12	92	13	56
Low	2	20	0	0	2	9
<b>Totals</b>	<b>10</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>23</b>	<b>100</b>

- 4.24 1 further draft report has been issued for comments and management responses and this will be reported to the Panel in due course.
- 4.25 In addition to the reports issued in Tables 4 and 5, a significant number of days were allocated throughout the year to work that did not generate a report with a level of assurance attached. The areas listed below are examples of this work:-
- Grant Certification;
  - Advice, consultancy and assurance work provided to support service redesigns and the implementation of new or updated processes/systems;
  - Investigations into allegations of Fraud/Irregularities;
  - Investigating Information Incidents;
  - Advice and support to both the Growth Directorate and Exchequer Services in relation to the procedures introduced to process grants provided by Central Government to support businesses in relation to COVID-19;
  - Processing COVID-19 grant applications; and
  - Control Reports.
- 4.26 It is important to note, however, that whilst the above work does not generate an audit opinion it still provides assurance to the Head of Risk Management and Audit Services in terms of the overall audit opinion and undoubtedly adds value to the Council. It ensures that expenditure is in accordance with grant conditions, that new/amended systems are introduced with satisfactory controls in place and that control issues identified as part of fraud/irregularity investigations are resolved to improve the control environment.
- 4.27 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.
- 4.28 31 Post Audit Reviews have been completed in total during the year and these are detailed in Appendix 1. A summary of the 7 Post Audit Reviews completed during Quarter 4 is presented in Table 5 below. It details the number of recommendations made and implemented.
- 4.29 The percentage rate of all recommendations implemented for 2020/21 is 88% compared to 87% in 2019/20. Due to COVID-19 the implementation of recommendations has been delayed in some areas and where significant issues are still outstanding a second Post Audit Review will be scheduled.

**Table 5 – Q4 Post Audit Reviews – Recommendations Implemented**

Post Audit Reviews	Recommendations			Comments
	Agreed	Implemented		
	No.	No.	%	
Lady Of Mount Carmel	11	11	100	
GMPF Visit - University of Manchester	7	7	100	
GLIL	2	2	100	
Stores and Stock Control	38	34	89	Outstanding recommendations related to CCTV, Returned Stock and the Servitor system.
Pupil Referral Service	16	14	88	Debt Collection and Computer Security still need to be addressed.
Control Report Electronic Signatures	40	31	78	Controls in terms of time recording, additional hours, and authorisation were still outstanding.
GMPF Visit to APS Global	2	1	50	Assumed Pensionable Pay processes need to be reviewed and improvements implemented.
<b>Quarter 4 Totals</b>	<b>116</b>	<b>100</b>	<b>86</b>	

4.30 15 Post Audit Reviews were in progress at the end of 2020/21, and these will be reported to the Panel at a future meeting.

## 5 ANTI-FRAUD WORK

### Irregularity Investigations

- 5.1 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. All cases were investigated using the approved standard protocol and procedure, which complies with best practice. A control report is produced in the majority of cases for management to ensure that corrective action is taken where possible to ensure that the control environment is improved therefore minimising the risk of similar irregularities occurring in the future.
- 5.2 All investigations/assistance cases are reviewed by the Monitoring Officer and Section 151 Officer and, where appropriate, they challenge and comment on the cases. Assistance cases can range from obtaining information for an investigating officer to actually undertaking a large proportion of the analysis work to provide evidence for the investigatory process.
- 5.3 The number of cases investigated during the period April 2020 to March 2021 are summarised in Table 6 below.

**Table 6 – Investigations Undertaken from April 2020 to March 2021**

Detail	No. of Cases April - Nov 2020	No. of Cases April 2020 - Jan 2021	No of Cases April 2020 – March 2021
Cases B/Forward from 2019/20	8	8	8
Current Year Referrals	69	84	90
<b>Total</b>	<b>77</b>	<b>92</b>	<b>98</b>
Cases Closed	28	38	62
Cases Still under Investigation	49	54	36
<b>Total</b>	<b>77</b>	<b>92</b>	<b>98</b>
<b>Assistance Cases</b>	<b>19</b>	<b>24</b>	<b>27</b>

5.4 The above investigations can be categorised by fraud type as shown in Table 7 below.

**Table 7 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £	Annual Savings £
Adult Social Care	8	87,703	18,404
COVID-19 Business Support Grants	78	784,405	N/A
Children's Social Care	3	6,291	-
Council Tax	1	-	-
Blue Badge	3	-	-
Pensions	1	5,644	-
Procurement	1	-	-
Theft	1	-	N/A
Other	2	-	-
<b>Total</b>	<b>98</b>	<b>884,043</b>	<b>18,404</b>

5.5 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.

5.6 During 2020/21, 78 COVID-19 Business Support Grants have been referred to the Corporate Fraud Team for investigation by both Exchequer Services and the Growth Directorate. Table 8 below summarises the outcome of the work undertaken by the Fraud Team as at 31 March 2021. It shows that grant applications totalling £301,000 were stopped before payment due to inconsistencies in the application. After review grants totalling £137,769 were released for payment and fraudulent payments of £230,000 are being pursued pending Central Governments view on prosecution.

**Table 8 – Investigations – Grants to Businesses**

Grant Type	No. of Cases	Value £	Value of Fraudulent Claims Still under Investigation £	Payments Stopped To Date £	Value of Grants being Recovered via Invoice £	Value of Grants No Fraud Found £
Business Grants	54	590,000	90,000	170,000	215,000	115,000
Discretionary Grants	24	194,405	25,636	131,000	15,000	22,769
<b>Total</b>	<b>78</b>	<b>784,405</b>	<b>115,636</b>	<b>301,000</b>	<b>230,000</b>	<b>137,769</b>

**National Fraud Initiative**

5.7 The data sets for the National Fraud Initiative (NFI) 2020 Exercise were uploaded to the Cabinet Office' Secure System in October 2020 and the initial matches identified for Tameside were received in February 2021, although the website is refreshed on an ongoing basis as matches are added. Table 9 below provides a summary of the key matches identified for investigation, those listed with a High Report Match Rating indicate that records have match on several data fields, making them the priority for review and investigation.

5.8 **Table 9 – National Fraud Initiative (NFI) Findings**

<b>NFI Data Set</b>	<b>NFI Report Ref.</b>	<b>Number of Matches</b>	<b>Report Match Rating</b>
Pensions to DWP Deceased Persons	52	936	<b>High</b>
Pensions to Payroll	54 and 55	1256	<b>High</b>
Deferred Pensions to DWP Deceased	53	158	<b>High</b>
Housing Benefits to Student Loans	2	15	<b>High</b>
Housing Benefits Claimants to DWP Deceased	49.1	32	<b>High</b>
Housing Benefit Claimants to Pensions	Not yet released		
Council Tax Reduction Scheme to Pensions	435.1 436.1	772	<b>High</b>
Council Tax Reduction Scheme to Payroll	435 436	50	<b>High</b>
Council Tax Reduction Scheme to DWP Deceased	482	77	<b>High</b>
Blue Badge to DWP Deceased	172.1	297	<b>High</b>
Housing Benefit Claimants to Taxi Drivers	47.1 47.2	58	<b>High</b>
Council Tax Reduction to HMRC Earnings and Capital	Not yet released		
Council Tax Reduction to HMRC Household Composition			
Housing Benefit Claimants to HMRC Household Composition			
<b>Totals</b>		<b>3,651</b>	

5.9 Investigations have commenced into the matches identified and an update will be provided as part of the Risk Management and Audit Services Progress Reports presented to future Panel meetings.

**6 NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES**

6.1 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.

**Table 10 – NAFN Membership**

<b>Member Type</b>	<b>June 2020</b>	<b>Sept 2020</b>	<b>Dec 2020</b>	<b>March 2021</b>
Local Authorities	353	355	356	362
Housing Associations	61	62	63	65
Other Public Bodies	19	21	24	27
<b>Totals</b>	<b>433</b>	<b>438</b>	<b>443</b>	<b>454</b>
Registered Users	13,711	13,867	14,100	14,199

6.2 NAFN exceeded its membership targets for the year with increases across all three groups. Currently, 90% of councils in the UK are members of NAFN with further expressions of

interests received and actively being pursued by the NAFN Membership and Communications Manager. We are hoping to reach our target of 100% local authority membership within the next year.

6.3 The national pandemic has resulted in a change in priorities across our entire membership base along with the requirement to change working practices and investigative techniques arising from national lockdown restrictions. As a consequence, the overall intake of requests for 2020/21 (see Table 11) is down on the previous year and significantly lower than forecast.

6.4 On a more positive note, demand for Investigatory Powers Act Communication Data Requests remained strong. Intake exceeded forecasted figures by over 300 enquires (up 16%). NAFN continued to support existing users and those who benefit from this data to ensure that local authority and relevant wider public authority members are best equipped to obtain intelligence to assist with their investigations.

6.5 NAFN's annual inspection undertaken by the Investigatory Powers Commissioner's Office took place in November 2020 and we can report another successful outcome. The inspection report highlighted only one recommendation and four observations of good practice, concluding that "This inspection has demonstrated that the National Anti-Fraud Network has attained a high level of legislative compliance in respect of acquiring communications data".

6.6 **Table 11 – NAFN Requests Received**

Type of Request	2020/21 Q1	2020/21 Q2	2020/21 Q3	2020/21 Q4	2020/21 Total	2019/20 Full Year
General Data Protection	5,162	5,988	5,980	6,518	23,648	31,294
Driver and Vehicle Licensing Agency	1,700	2,893	2,885	2,604	10,082	14,044
Investigatory Powers Act – Communications Data	335	511	538	928	2,312	1,725
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,200	2,502	2,465	2,834	10,001	11,638
Type B (Online)	30,412	37,759	38,746	43,941	150,858	174,474
<b>Grand Total</b>	<b>39,809</b>	<b>49,653</b>	<b>50,614</b>	<b>56,825</b>	<b>196,901</b>	<b>233,175</b>

6.7 NAFN continued to work very closely with Central Government including the Cabinet Office and the Business Energy and Industrial Strategy (BEIS) in response to COVID-19 business support grant fraud. As part of this work, NAFN collated and disseminated intelligence to members to support prevention of this widespread fraud. The benefits of these alerts are clear with one member alone preventing payment of a number of fraudulent grant applications to the value of £770,000.

6.8 NAFN intelligence officers worked collaboratively with the National Investigation Service reporting to BEIS in relation to business support grant fraud and this work continues.

6.9 NAFN's successful collaborative work has been widely acknowledged and the team was nominated for a number of awards (see Table 12), and in fact NAFN won the iNetwork Innovation award for Effective Information Sharing and Security for the second year in a row. In addition, NAFN was nominated by BEIS for a Tackling Economic Crime Award.

6.10 **Table 12 - NAFN Award Nomination 2020/21**

Award	Category	Status	Final Outcome
Tackling Economic Crime Awards	Outstanding Prevention Initiative Award	Finalist	Finalist
iNetwork Innovation Awards	Effective Information Sharing and Security Award	Finalist	Winner
	iStandUK Award	Finalist	Finalist
	COVID-19 Response Recognition Award	Finalist	Finalist
Public Sector Counter Fraud Awards	Partnership Excellence Award	Finalist	Finalist

6.11 Due to the national lockdown the NAFN AGM was delivered online for the very first time. This was followed by a presentation from the Leadership Team on NAFN's long term strategy, including an update on service transformation. The event was very well attended and feedback was very positive.

6.12 The public facing side of the NAFN website was updated providing a modern structure and navigation that was required to meet the expectations of members, partners and stakeholders.

6.13 Following option appraisal and a detailed report from the Leadership Team, the NAFN Executive Board confirmed the intention to scope and deliver a wide range of service improvements. The first stage is to confirm the appetite for this transformation through a wide-ranging consultation with members.

6.14 At the January 2021 Executive Board Meeting the Head of Risk Management and Audit was confirmed as the Chair for the eleventh year running.

## 7 RISK MANAGEMENT AND INSURANCE

7.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. Recruitment to the Team is now complete and all post are now occupied, the last two members of the Team joined in January and February 2021.

7.2 The key priorities for 2020/21 are detailed below in Table 13 with a progress update.

**Table 13 – Key Priorities 2020/21 – Progress Update**

Key Priority 2020/21	Progress Update
To work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities and develop operational risk registers. A key priority will be to introduce a robust system of monitoring to ensure that risk registers are kept up to date and reported appropriately to officers and members.	Work to review the Risk Management System in place has been completed and was reported to the Single Leadership Team on 13 July 2021. A separate Risk Management Report is on the agenda presenting the updated approach to risk management, the refreshed Risk Management Policy and Strategy for 2021-2023 and the updated Corporate Risk Register.
To facilitate the continued implementation of the Information Governance Framework,	The Work Plan in respect of Information Governance is being monitored by the Information Governance Group which meets

Key Priority 2020/21	Progress Update
<p>ensuring that the Council is compliant with all Data Protection legislation.</p>	<p>bi-monthly. Tasks have now been allocated across the Team and work is ongoing to deliver these ensuring that the Council is compliant with all Data Protection legislation. A separate Information Governance Report is on the agenda, providing members of the panel with a further detailed look at some of the improvements introduced and documents created/refreshed for consideration.</p> <p>A number of Data Protection Impact Assessments and Sharing/Processing Agreements have been reviewed during the year to ensure that all risks to personal data in relation to new projects/systems and changes to existing processes are assessed and managed/mitigated to ensure compliance with UK GDPR and the Data Protection Act 2018. Work was undertaken in the early part of the year to support the COVID-19 response and ensure data was managed in accordance with UK GDPR and the regulations issued by the NHS. A responsive service has also been provided in relation to information incidents across the Council needing review and investigation to ensure shared learning and improvements in controls where needed were implemented to minimise future incidents.</p>
<p>To work with senior managers to ensure that Service Area 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.</p>	<p>Formal work to review business continuity plans has not been undertaken, whilst the Council was responding to the COVID-19 pandemic. All services have continued to deliver services which demonstrates that business continuity has prevailed. The plans were fully tested on the day all employees were instructed to work from home.</p> <p>Work will be undertaken during 2021/22 to capture the learning and ensure that plans match the new ways of working once defined to ensure we build back better. Testing will also be reviewed.</p>
<p>To work with STAR Procurement to procure Insurance Brokers and Legal Representatives to work with the Council's Insurers in defence of litigated claims.</p>	<p>Insurance Brokers were formally appointed using a Framework agreement in July 2020 and savings of £8,500 were realised per annum.</p> <p>Legal Representatives were not appointed as our insurers have a panel of legal firms that they use depending upon the type of claim.</p>

Key Priority 2020/21	Progress Update
	The insurance renewal process was completed on time and all policies were updated and effective from April 2021. Whilst the cost of some policies increased due to risks perceived to be associated with COVID-19 the overall premium costs were within budget.
To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.	This was not reviewed due to capacity issues and has been carried forward to 2021/22.
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.	Advice and Support has continued to be provided across the Council throughout the year to ensure that risk management, insurance and information governance arrangements in place are robust and reflect the changes to service delivery where applicable. Ensuring that changes do not undermine any of the insurance policies we have in place and that robust systems are in place to help defend any claims for compensation that may arise.
To work with schools to ensure advice and support is provided.	All schools transferred over the Department for Educations Risk Protection Arrangement (RPA) from April 2020 and therefore the Risk, Insurance and Information Governance Team do not provide any support to schools. However, if a claim relating to an incident prior to 31 March 2020 were to be received this would be processed under the Council's insurance arrangements.
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	This area is still under development as the additional capacity added to the team is trained and supported. Meetings have taken place on a regular basis with management to update and refresh the Corporate Risk Register.

## 8 PERFORMANCE INDICATORS

- 8.1 The performance of the section is monitored in a variety of ways and a number of indicators have been devised to enable comparisons between financial years and between similar organisations. Formal benchmarking using the Chartered Institute of Public Finance and Accountancy has not taken place for a number of years due to budget cuts and capacity; however, the North West Chief Audit Executive Group is aiming to reintroduce the comparison of a small number of key performance indicators, albeit this has been delayed due to COVID-19.



- 8.2 The Key Performance Indicators for Internal Audit for 2020/21 are detailed in Table 14 below and they are compared to the two previous years 2019/20 and 2018/19.

**Table 14 - Key Performance Indicators 2020/21**

	Indicator	Target	20/21	19/20	18/19	Comments
1	Compliance with Public Sector Internal Audit Standards	100%	100%	100%	100%	Target Achieved
2	% of Plan Completed	90%	94%	92%	92%	Target Achieved
3	Customer Satisfaction (per questionnaires)	90% of customers "satisfied $\geq$ 65%"	100%	100%	100%	Target Achieved
4	% Recommendations Implemented	90%	88%	87%	93%	Target Not Achieved
5	No. of Irregularities Reported/Investigated	Downward Trend	12	14	15	Target Achieved
			78	COVID-19 Grant Cases		

- 8.3 Four of the five targets have been achieved for 2020/21, the unachieved target relates to the Percentage of Recommendations Implemented. COVID-19 affected the implementation of recommendations in some areas, due to capacity issues. The target, whilst critical to measure, is not controlled by Internal Audit as the implementation of recommendations is the responsibility of management and delays can occur for a number of reasons.

- 8.4 The effectiveness of the Team in terms of adding value to the Council is an important element of the role of internal audit (as per the definition outlined in section 1.1) and the service as a whole, however, it is extremely difficult to use quantitative indicators to measure this performance. Added value is demonstrated by the variety of work undertaken above, the responsive and flexible approach adopted, the positive comments and feedback received from auditees and the opinion of our External Auditors that they can place reliance on the work of Internal Audit.

## 9 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 9.1 The Internal Audit function was judged to be compliant with the Public Sector Internal Audit Standards (PSIAS) following an External Peer Review in March 2018, and the majority of recommendations from the review have been implemented enhancing the service further. The Self-Assessment completed for 2020/21 against the updated standard reaffirmed full compliance.
- 9.2 The Review of Internal Audit 2020/21 Report earlier on the agenda provided details of the full Self-Assessment undertaken against the individual standards for 2020/21.

## 10 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)

- 10.1 The process and procedures in place within Internal Audit are continually reviewed and any issues/inefficiencies identified are addressed immediately to assist and improve productivity.
- 10.2 The service developments included in the Quality Assurance and Improvement Programme for 2020/21 are listed below in Table 15 together with a progress update.

**Table 15 – Progress Update on Service Developments**

Development	Progress to March 2021
<p>PSIAS Standard 1130</p> <p>Consider allocating the formal SIRO designation to a Chief Officer, even if the Internal Audit Team continues to support the SIRO function.</p>	<p>This task is detailed in the Information Governance Work Plan and will be discussed with the newly appointed Assistant Director of Finance (Deputy Section 151 Officer).</p>
<p>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.</p>	<p>Complete</p> <p>This is addressed as part of the Annual Development Review process and supervisions.</p>
<p>Do internal auditors maintain a record of their professional development and training activities?</p>	<p>Complete</p> <p>Recorded in Annual Development Review Forms, Spreadsheets and the Me Learning System.</p>
<p>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.</p>	<p>Work in Progress</p> <p>This was delayed due to COVID-19 and the need to deliver the Audit Plan.</p>
<p>To finalise the review of all fraud, bribery and corruption policies, procedures and plans etc. to ensure they are fit for purpose, seeking the appropriate approval and then consider how to effectively disseminate the information to members and officers.</p>	<p>Work in Progress</p> <p>The number of fraud investigations received during 2020/21 was unprecedented in response to grants to support businesses and resources could not be diverted to development work.</p>
<p>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.</p>	<p>On Hold</p> <p>To be carried forward into 2021/22 pending the outcome of the NHS consultation on a national re-configuration of commissioning organisations.</p>
<p>To conduct a service review with the assistance of the Assistant Director of Finance to ensure that the staffing structure across the whole of the Risk Management and Audit Service is effective to deliver the expectations placed upon the Team.</p>	<p>Complete</p> <p>The review concentrated on the Risk, Insurance and Information Governance Team and all posts in the revised structure are now occupied.</p>

**11 INDEPENDENCE OF INTERNAL AUDIT**

11.1 In accordance with the Public Sector Internal Audit Standards, the Internal Audit Team/Function should remain independent of any non-audit operational responsibilities at all

times. However, in response to COVID-19 and corporate priorities some members of the Audit Team were involved in the actual processing of business support grant applications.

- 11.2 Also as indicated in Table 14 above the independence of the Head of Risk Management and Audit Services has not been reviewed in line with the recommendation made as a result of the External Peer Review due to COVID-19 and will be addressed during 2021/22.
- 11.3 However, any audit work in areas directly managed by the Head of Risk Management and Audit Services would be managed by somebody independent to the process, for instance the Assistant Director of Finance or the audit would be undertaken by another AGMA Audit Team. With regards to the team members involved with the processing of grants they will not be involved in any associated audit work for two years.

## **12 AUDIT OPINION BASED ON RESULTS OF 2020/21 ACTIVITY**

- 12.1 The Audit Panel can take reasonable assurance that the Council's arrangements to secure governance, risk management and internal control are suitably designed and applied effectively.
- 12.2 Due to the impact of the COVID-19 pandemic on the 2020/21 Internal Audit Plan, in that significant resources were diverted away to address Council Priorities in terms of providing advice and support to set up robust systems for and processing grants to support businesses the above opinion is based on reduced audit work.

However, despite reduced capacity, Internal Audit continued to be involved in advising on changes to systems and processes and whilst a large proportion of the workforce were working from home we were still able to devise new methods of working and conducted a number of audits and assurance reviews virtually. Contact with Directors and Assistant Directors was maintained to offer support and assistance where required. Similar to the rest of the Council the Audit Plan was kept under constant review and updated to reflect new priorities identified.

The value of Internal Audit lies in the detailed work that we undertake to review systems and processes to ensure that controls are in place to mitigate risks to an acceptable level and where improvements have been highlighted, managers are provided with an assessment of further actions needed and agreed to implement the suggested recommendations. Thus, improving the management of risks and supporting the overall control environment.

- 12.3 In forming my opinion I have considered the number of internal audit reviews undertaken, the assurance work completed that does not generate a formal level of assurance, information provided by Council Directors/Assistant Directors, information provided to me as a Service Unit Manager and my experience and knowledge of the Council.
- 12.4 In addition to the work undertaken directly by Internal Audit I have relied upon work undertaken by my wider Risk, Insurance and Information Governance Team and that provided to me by Directors as part of the Annual Governance Statement assurance gathering process as detailed below:-
- In terms of Risk Management, the Corporate Risk Register has been updated, reported and considered by both the Single Leadership Team and the Audit Panel throughout the year.
  - Each Director has completed an Annual Governance Statement Self-Assessment Checklist and signed an Assurance Statement covering:-
    - Compliance with Legal Requirements
    - Compliance with the Constitution, Council Objectives and Policies
    - Management of Service Delivery
    - Performance Management

- Stakeholders
- Financial Planning and Budgetary Control
- Recording of Actions and Transactions
- Reporting
- Standards of Conduct
- Human Resources
- Partnerships
- Safeguarding Assets
- Value for Money
- IT Systems
- Risk Management
- Information Governance
- Managing Change and Transformation
- With regards to Information Governance the Team have provided advice in relation to the processing of personal data for the COVID-19 response, and have continued to provide advice and support Service Areas to complete Data Protection Impact Assessments and Sharing and Processing Agreements to ensure data is managed in compliance with UK GDPR and the Data Protection Act 2018.

12.5 The Strategic Commission has lead the organisational response to the COVID-19 pandemic, together with key partners since March 2020. From organising a humanitarian hub, to identifying critical functions, ensuring Staff had ICT that allowed them to work at home, the provision of PPE, implementing local track and trace systems, supporting the vaccine rollout, members, management and staff have worked hard in unprecedented times never experienced before for the good of Tameside. Ultimately this has moved the focus away from the Corporate Plan priorities, the improvement journey the Council was on and in some cases affected planned savings. As we move towards the lifting of restrictions the Council is now planning to build back better and fairer, with new ways of working to ensure that future plans deliver long-term financial stability.

### **13 ANNUAL GOVERNANCE STATEMENT/DEVELOPMENT PLAN**

13.1 A separate Annual Governance Report is on the agenda which presents the Annual Governance Statement for 2020/21 and included in the report is an update on the Improvements identified in the Development Plan for 2019/20 which were scheduled to be delivered during 2020/21.

### **14 RECOMMENDATION**

14.1 As set out on the front of the report.

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
<b>CHILDREN'S</b>							
Children's Homes - Review of Expenditure	0.00	0.00	15.00	11.28	3.72	Work In Progress	
Control Report - Agency Workers Timesheets	0.00	0.00	0.00	3.33	-3.33	Work In Progress	
Troubled Families	15.00	10.00	0.00	0.00	0.00	Work not Needed in 2020/21	
Safeguarding	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Procurement of Placements for Children	20.00	20.00	20.00	19.12	0.88	Work In Progress	
Conference and Review Process	15.00	15.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Budgetary Control and Financial Management	0.00	0.77	0.90	0.83	0.07	Final Report Issued	Low
System Sign Off - Early Years Module	0.00	5.30	5.94	6.21	-0.27	Completed	
PAR - Control Report Electronic Signatures	0.00	2.80	2.80	3.22	-0.42	Completed	
PAR - Troubled Families	0.00	1.50	1.50	1.10	0.40	Work In Progress	
PAR - Bud Control and Financial Management	0.00	5.70	10.00	9.55	0.45	Work in Progress	
Planning and Control	6.00	6.00	6.00	6.35	-0.35	Completed	
Advice and Support	2.00	2.00	7.70	6.80	0.90	Completed	
Post Audit Reviews	7.00	0.00	0.00	0.00	0.00	Completed	
<b>Total for Children's</b>	<b>80.00</b>	<b>69.07</b>	<b>69.84</b>	<b>67.80</b>	<b>2.04</b>		
<b>CHILDREN'S SCHOOLS/LEARNING</b>							
Hyde Community High School	10.00	0.00	0.00	0.00	0.00	N/A - Pipeline Academy	
Hyde Community College	10.00	0.00	0.00	0.00	0.00	N/A - Pipeline Academy	
Greenfield Primary & Nursery	6.00	0.00	0.00	0.00	0.00	N/A - Pipeline Academy	
Broadfold Primary & Nursery	6.00	0.00	0.00	0.00	0.00	N/A - Pipeline Academy	
Arlies Primary & Nursery	6.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Broadbent Fold Primary	6.00	8.60	9.00	8.90	0.10	Final Report issued	Medium
Audenshaw Primary School	6.00	8.60	9.00	8.80	0.20	Final Report Issued	High
Russell Scott Primary	6.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Livingstone Primary	6.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Aldwyn Primary	6.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Hurst Knoll C E Primary	6.00	7.00	9.50	10.75	-1.25	Final Report Issued	Medium
St Pauls R C Primary & Nursery Hyde	6.00	7.00	0.00	0.00	0.00	Rescheduled to 2021/22	
St James R C Primary & Nursery Hattersley Hyde	6.00	7.00	8.00	8.86	-0.86	Draft Report Issued	
St Marys R C Primary Denton	6.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
St Peters RC Primary & Nursery Stalybridge	6.00	7.00	0.00	0.00	0.00	Rescheduled to 2021/22	
St Raphael's R C Primary	6.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
St. Georges C E Primary Mossley	6.00	7.00	0.00	0.00	0.00	N/A - Pipeline Academy	
Mossley Hollins High	0.00	10.00	0.00	0.00	0.00	N/A - Pipeline Academy	
Arundale Primary & Nursery	0.00	0.10	0.98	1.00	-0.02	Final Report issued	Medium
Greswell Primary & Nursery	0.00	2.82	2.90	2.80	0.10	Final Report Issued	Medium
St Georges C E Primary - Hyde	0.00	2.74	2.80	2.80	0.00	Final Report issued	Low

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
St Stephens C E Primary Audenshaw	2.50	1.67	1.70	1.70	0.00	Final Report Issued	High
Canon Burrows C E Primary	0.00	2.55	2.90	2.90	0.00	Final Report Issued	Low
Lady Of Mount Carmel	2.50	1.98	1.90	1.93	-0.03	Final Report issued	High
Oakdale (2 Sited School)	2.50	4.75	4.50	4.50	0.00	Final Report Issued	Medium
Placements for Children with Sp. Education Needs	15.00	0.00	0.00	0.00	0.00	Cancelled due to Service Review	
Mossley Hollins High - Grant Assurance Work	0.00	2.58	2.60	2.60	0.00	Completed	
Music Service - System Sign off - Speedadmin	0.00	7.73	7.70	7.70	0.00	Completed	
System Sign Off - Access Education	0.00	0.00	5.00	0.00	5.00	Covered by Audit in 2021/22	
PAR - Payroll - Schools	0.00	1.65	1.33	1.30	0.03	Completed	
PAR - The Heys Primary School	0.00	1.75	1.52	1.50	0.02	Completed	
PAR - St Christopher's R C Primary	0.50	0.00	2.50	0.00	2.50	Completed	
PAR - Cromwell High School	0.50	0.00	0.00	0.00	0.00	Completed	
PAR - Ravensfield Primary	0.50	0.00	0.00	0.00	0.00	Completed	
PAR - Fairfield Road Primary & Nursery	0.00	1.80	1.27	1.30	-0.03	Completed	
PAR - Lyndhurst Primary & Nursery	0.00	1.50	1.07	1.10	-0.03	Completed	
PAR - St Peters C E Primary	0.00	0.95	1.07	1.10	-0.03	Completed	
PAR - Denton Community College	0.00	1.30	1.07	1.10	-0.03	Completed	
PAR - St Stephens R C Primary Droylsden	0.00	1.80	1.80	2.50	-0.70	Completed	
PAR - Hollingworth Primary & Nursery	0.00	1.30	1.60	1.60	0.00	Completed	
PAR - Arundale Primary & Nursery	0.00	1.50	1.10	1.10	0.00	Completed	
PAR - Pupil Referral Service	0.00	2.00	2.00	2.68	-0.68	Completed	
PAR - Lady Of Mount Carmel	0.00	0.00	1.00	1.88	-0.88	Completed	
PAR - Greswell Primary & Nursery	0.00	0.00	1.00	0.83	0.17	Work In Progress	
PAR - St Stephens C E Primary Audenshaw	0.00	0.00	1.50	0.97	0.53	Work In Progress	
Planning and Control	10.00	10.00	14.00	13.66	0.34	Completed	
Advice and Support	12.00	10.00	13.00	12.41	0.59	Completed	
Advice and Support - Free School Meal Vouchers	0.00	0.00	8.52	8.50	0.02	Completed	
Post Audit Reviews	25.00	0.00	0.00	0.00	0.00	Completed	
<b>Total for Children's Schools/Learning</b>	<b>181.00</b>	<b>124.67</b>	<b>123.83</b>	<b>118.78</b>	<b>5.05</b>		
<b>ADULTS</b>							
Nursing and Residential Home Contractual Arrangements/Payments	0.00	10.45	10.45	7.37	3.08	Combined with Contract Monitoring Care Home Audit	
System Sign Off - Rosta System	0.00	1.50	1.23	1.20	0.03	Completed	
Contract Monitoring - Care Homes	15.00	15.00	15.00	13.31	1.69	Work In Progress	
Home Care	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Out Of Hours	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Learning Disabilities Client Accounts	15.00	0.00	0.00	0.00	0.00	Cancelled	
Control Report - The Woodlands Care Home	0.00	0.00	2.50	3.00	-0.50	Final Report Issued	N/A
PAR - Information Incident	0.50	0.56	0.60	0.60	0.00	Completed	

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
PAR - Control Report - Misappropriation of Monies	0.50	0.00	0.35	0.40	-0.05	Completed	
PAR - Investigation Security Incident 12-19	0.50	1.60	1.60	0.79	0.81	Completed	
PAR - Locality Teams - Care Management	0.00	0.80	0.80	2.13	-1.33	Work In Progress	
PAR - Control Report Integrated Urgent Care Team	1.50	1.05	1.52	1.50	0.02	Completed	
PAR - Homemaker Service	0.00	1.95	2.00	3.06	-1.06	Completed	
Planning and Control	5.00	5.00	5.00	4.89	0.11	Completed	
Advice and Support	8.00	5.00	5.00	4.98	0.02	Completed	
Post Audit Reviews	6.00	0.00	0.00	0.00	0.00	Completed	
<b>Total for Adults</b>	<b>82.00</b>	<b>42.91</b>	<b>46.05</b>	<b>43.23</b>	<b>2.82</b>		
<b>POPULATION HEALTH</b>							
Active Tameside	0.00	0.50	0.50	0.20	0.30	Suspended	
Public Health - Contract Monitoring - Sexual Health	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
PAR - Health Visiting Service	1.00	0.50	0.10	0.10	0.00	Suspended	
Planning and Control	3.00	1.50	1.50	1.02	0.48	Completed	
Advice and Support	1.00	0.50	0.30	0.00	0.30	Completed	
Post Audit Reviews	2.00	0.00	0.00	0.00	0.00	Completed	
<b>Totals for Population Health</b>	<b>22.00</b>	<b>3.00</b>	<b>2.40</b>	<b>1.32</b>	<b>1.08</b>		
<b>GROWTH</b>							
Post Payment Assurance Plan - Discretionary Business Grants	0.00	0.00	5.00	3.45	1.55	Work In Progress	
Processing - Local Restrictions Support Grant and Additional Restrictions Grant - Discretionary	0.00	0.00	34.00	32.28	1.72	Completed	
PAR - Hattersley Collaboration Agreement 18-19	0.00	1.70	1.50	0.00	1.50	Completed	
Advice - Local Restrictions Support Grant and Additional Restrictions Grant - Discretionary	0.00	0.00	17.00	19.33	-2.33	Completed	
Capital Project - Control Report Hyde Com. College	0.00	8.00	15.00	15.29	-0.29	Draft Report Issued	
Capital Projects - Hyde Community College	0.00	19.00	19.00	18.90	0.10	Cancelled	
Advice - Discretionary Grant Fund	0.00	17.87	17.90	17.90	0.00	Completed	
Processing Discretionary Grants	0.00	60.16	60.10	60.10	0.00	Completed	
Monitoring of the Facilities Management Contract	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Monitoring Of The Catering Contract	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Building Control	15.00	0.00	0.00	0.00	0.00	Cancelled	
Disabled Facilities Grant	3.00	0.00	0.00	0.00	0.00	Cancelled	
Hattersley Collaboration Agreement	5.00	5.90	5.90	5.60	0.30	Work In Progress	
Planning - System Sign Off	0.00	8.74	8.70	8.70	0.00	Completed	
Planning Process	0.00	0.76	0.80	0.80	0.00	Final Report Issued	Medium
Hattersley Collaboration Agreement	0.00	6.50	6.54	6.74	-0.20	Final Report Issued	N/A
Capital Projects - Education	0.00	4.25	3.27	3.51	-0.24	Final Report Issued	Low

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
PAR - Capital Projects Education	0.00	4.00	0.00	0.00	0.00		
PAR - Planning Process	0.00	1.50	1.50	2.44	-0.94	Work In Progress	
PAR - Hattersley Collaboration Agreement	0.00	1.01	1.50	1.79	-0.29	Completed	
PAR - Section 106 Agreements, Developer Levy and Community Infrastructure Levy	2.00	2.00	2.00	1.41	0.59	Work In Progress	
Planning and Control	5.00	3.00	3.00	2.57	0.43	Completed	
Advice and Support	6.00	2.71	2.50	2.16	0.34	Completed	
Post Audit Reviews	8.00	0.00	0.00	0.00	0.00	Completed	
<b>Totals for Growth</b>	<b>74.00</b>	<b>147.10</b>	<b>205.21</b>	<b>202.97</b>	<b>2.24</b>		
<b>OPERATIONS AND NEIGHBOURHOODS</b>							
Transport (Transys) - System Sign off	0.00	0.00	8.00	4.10	3.90	Work In Progress	
Markets - System Sign Off	0.00	6.25	6.25	8.04	-1.79	Completed	
Control Report - Waste Collection	0.00	0.00	6.00	4.51	1.49	Work In Progress	
Health and Safety	15.00	0.00	0.00	0.00	0.00	Cancelled	
Tame Street Garage	15.00	15.00	0.00	0.00	0.00	Cancelled	
Local Authority Bus Subsidy Grant	2.00	1.55	1.50	1.50	0.00	Completed	
Welfare Rights - System Sign Off	5.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Accident Reporting System - System Sign Off	4.00	0.00	0.21	0.20	0.01	Cancelled	
PAR - Control Report Youth Service	0.50	0.56	0.50	0.50	0.00	Completed	
PAR - Control Report Thefts at Tame Street	0.50	0.56	0.50	0.50	0.00	Completed	
PAR - Control Report Waste Services Tame Street	0.50	1.20	0.60	0.60	0.00	Completed	
PAR - Provision of the Integrated Transport Service	3.50	3.50	0.24	0.20	0.04	Suspended	
PAR - Youth Service	0.00	0.63	0.60	0.60	0.00	Completed	
PAR - Stores and Stock Control	0.00	2.50	4.00	4.78	-0.78	Completed	
Control Report Work	0.00	0.00	5.00	0.00	5.00	Rescheduled to 2021/22	
Planning and Control	5.00	5.00	4.00	4.17	-0.17	Completed	
Advice and Support	5.00	3.00	4.00	4.35	-0.35	Completed	
Post Audit Reviews	10.00	0.00	0.00	0.00	0.00	Completed	
<b>Totals for Operations and Neighbourhoods</b>	<b>66.00</b>	<b>39.75</b>	<b>41.40</b>	<b>34.05</b>	<b>7.35</b>		
<b>GOVERNANCE</b>							
Advice - Test and Trace Support Payments	0.00	5.20	6.10	6.38	-0.28	Completed	
Advice - Wet/Led Pubs Grant	0.00	0.00	3.50	3.50	0.00	Completed	
Advice - Local Restrictions Support Grants	0.00	0.00	9.67	11.12	-1.45	Completed	
Post Payment Assurance Plan - Business Grants	0.00	0.00	6.00	6.61	-0.61	Work In Progress	
Advice - Restart Grants	0.00	0.00	0.00	1.02	-1.02	Work In Progress	
Capita System Review	10.00	10.70	5.00	2.60	2.40	Work In Progress	
Deferred Payment Scheme	10.00	10.00	2.48	2.50	-0.02	Cancelled	



**INTENAL AUDIT ACTIVITY REPORT 2020/21**

**APPENDIX 1**

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
Clients Financial Affairs - Deputyships and Appointeeships	15.00	0.00	0.00	0.00	0.00	Cancelled	
Processing Grants to Businesses	0.00	44.79	44.80	44.80	0.00	Completed	
Award of Grants to Businesses	0.00	7.20	7.20	7.20	0.00	Completed	
Control Report - Raising Council Tax Bills	1.00	0.00	0.00	0.00	0.00	Completed	
Review of Financial Systems - Housing Benefits	4.00	20.20	5.20	5.20	0.00	Rescheduled to 2021/22	
Determination and Recovery of Adult Service Care and Support Charges	0.00	0.79	0.80	0.80	0.00	Final Report Issued	Low
Procure to Pay System	15.00	17.55	23.00	25.56	-2.56	Draft Report Issued	
Payroll System	15.00	15.00	20.00	19.80	0.20	Final Report Issued	High
i TRENT Self Service	10.00	8.10	8.10	3.36	4.74	Completed	
Payroll - External Audit Checks	6.00	0.00	0.00	0.00	0.00	Covered in the Payroll Audit	
Registrars Financial Audit	4.00	3.30	4.00	4.56	-0.56	Final Report Issued	High
Members Allowances - Publication	2.00	2.00	2.59	2.74	-0.15	Completed	
Control Report Information Incident	0.00	1.50	1.50	0.42	1.08	Completed	
Agresso Upgrade	0.00	5.50	4.30	4.30	0.00	Completed	
Advice and Support - Water Interface	0.00	0.60	0.00	0.00	0.00	Completed	
Car Allowances Annual Review	2.00	2.00	2.16	2.20	-0.04	Completed	
Duplicate Payment Exercise	0.00	1.00	2.50	2.69	-0.19	Completed	
Review of Bank Holiday Pay	0.00	0.00	0.00	0.00	0.00	Final Report Issued	N/A
Looked After Children's Health	0.00	3.48	3.50	3.50	0.00	Final Report Issued	Low
ICS Data Checks	10.00	10.00	0.00	0.00	0.00	Rescheduled to 2021/22	
PAR - Control Report NNDR Fraud	0.00	0.30	1.50	0.76	0.74	Work In Progress	
PAR - Determination and Recovery of Adult Service Care and Support Charges	0.00	3.00	3.50	1.07	2.43	Work In Progress	
PAR - Softbox	0.00	1.75	1.75	1.07	0.68	Work In Progress	
PAR - Review of Bank Holiday Pay	0.00	1.50	1.50	0.79	0.71	Work In Progress	
PAR - Social Media	0.00	0.70	1.34	1.30	0.04	Completed	
PAR - Apprenticeship Levy	0.00	1.39	1.40	1.40	0.00	Completed	
PAR - Liquid Logic	0.00	0.55	1.00	1.29	-0.29	Work In Progress	
PAR - Looked After Children's Health	0.00	3.00	3.00	1.44	1.56	Work In Progress	
Planning and Control	13.00	12.00	13.00	11.81	1.19	Completed	
Advice and Support	26.00	20.00	26.50	23.84	2.66	Completed	
Post Audit Reviews	20.00	0.00	0.00	0.00	0.00	Completed	
<b>Totals for Governance</b>	<b>163.00</b>	<b>213.10</b>	<b>216.89</b>	<b>205.62</b>	<b>11.27</b>		
<b>FINANCE</b>							
Third Party Supplier Management	0.00	0.93	0.90	0.90	0.00	Final Report issued	Medium
ICT Business Continuity and Disaster Recovery	19.00	19.00	3.00	2.93	0.07	Work In Progress	
Network Security	10.00	10.00	7.00	3.00	4.00	Work In Progress	

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
Access Control Management	10.00	10.00	5.00	2.00	3.00	Work In Progress	
Vulnerability Management	10.00	10.00	5.00	6.40	-1.40	Work In Progress	
Cooperative Network Infrastructure (CNI)	10.00	18.95	18.95	10.95	8.00	Work In Progress	
Second PAR - Cyber Security Review	0.00	1.20	1.20	0.49	0.71	Work In Progress	
External Audit Checks - General Expenditure	1.00	0.76	0.80	0.80	0.00	Completed	
Review of Financial Systems - General Ledger	4.00	20.00	20.00	19.90	0.10	Final Report Issued	Medium
Fixed Asset Valuations	5.00	0.00	0.00	0.00	0.00	Cancelled	
External Audit Checks - General Expenditure	10.00	0.00	0.00	0.00	0.00	Cancelled for 2021/22	
Information Governance	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Business Continuity	15.00	0.00	0.00	0.00	0.00	Cancelled	
George Byrom Trust Audit of Accounts 2019-20	0.00	0.00	1.22	1.20	0.02	Completed	
Fixed Asset Register - Sign off	0.00	0.42	0.40	0.40	0.00	Completed	
PAR - Income Management	0.00	1.50	1.50	2.00	-0.50	Work In Progress	
PAR - Control Report Purchasing Cards/Petty Cash	0.00	1.50	1.50	1.60	-0.10	Work In Progress	
PAR - Cyber Security Review/ISO 27001 Gap Analysis	0.00	1.54	1.60	1.64	-0.04	Work In Progress	
PAR - Third Party Supplier Management	0.00	1.50	1.50	0.00	1.50	Rescheduled to 2021/22	
PAR - VAT	0.00	0.00	0.00	0.00	0.00	Completed	
PAR - Bank Reconciliation Procedures	0.00	2.04	2.00	2.00	0.00	Completed	
Planning and Control	10.00	10.00	10.00	9.97	0.03	Completed	
Advice and Support	10.00	10.00	10.00	8.32	1.68	Completed	
Post Audit Reviews	12.00	0.00	0.00	0.00	0.00	Completed	
<b>Totals for Finance</b>	<b>141.00</b>	<b>119.34</b>	<b>91.57</b>	<b>74.50</b>	<b>17.07</b>		
<b>CROSS CUTTING</b>							
Rochdale STAR Audit - New Supplier Set Up	0.00	2.50	2.00	1.50	0.50	Work In Progress	
UK Mail - Advice and Support	1.00	1.50	2.00	1.80	0.20	Completed	
Contingency for Greater Manchester Combined Authority - Assurance-Grant Work	10.00	0.00	0.00	0.00	0.00	Cancelled for 2021/22	
Interims, Consultants and Compliance with IR35	15.00	15.00	3.68	3.70	-0.02	Cancelled for 2021/22	
Procurement Work - STAR	20.00	20.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Audit of Final Accounts	10.00	0.00	0.00	0.00	0.00	Cancelled	
Direct Payments	15.00	15.00	0.00	0.00	0.00	Rescheduled to 2021/22	
<b>Totals for Cross Cutting</b>	<b>71.00</b>	<b>54.00</b>	<b>7.68</b>	<b>7.00</b>	<b>0.68</b>		
<b>GM PENSION FUND</b>							
Debtors	15.00	15.00	0.00	0.10	-0.10	Rescheduled to 2021/22	
Agresso Upgrade	0.00	0.00	2.10	2.10	0.00	Completed	
Advice and Support - Mercer Tax Sessions	0.00	0.00	0.44	0.40	0.04	Completed	
System Sign Off - iKen System	0.00	0.00	5.00	6.04	-1.04	Completed	

Name	Approved Plan 2020/21	Revised Plan Nov 2020	Revised Plan Feb 2021	Actual Days to March 2021	Variance	Status	Level of Assurance
Advice and Support - New BACS process	0.00	0.00	0.00	0.68	-0.68	Completed	
NFI Data Matching	5.00	2.45	2.45	1.54	0.91	Completed	
Computer Audit Advice	10.00	3.00	3.00	1.86	1.14	Completed	
Advice and Support - Target Address Tracing Project	0.00	1.51	1.50	1.50	0.00	Completed	
Custodian Arrangements	15.00	15.00	15.00	14.61	0.39	Draft Report Issued	
Fund Manager - Stone Harbor	15.00	15.00	15.00	11.80	3.20	Work In Progress	
Transfer of Assets to New Custodian	2.00	2.45	0.47	0.50	-0.03	Completed	
Compliance Function	15.00	0.00	0.00	0.00	0.00	Rescheduled to 2021/22	
Information Security Incident - ISI 62-20	0.00	0.44	0.40	0.40	0.00	Completed	
My Pension	0.00	6.00	8.00	9.03	-1.03	Work In Progress	
Cyber Security Review	10.00	10.00	5.00	8.16	-3.16	Work In Progress	
Retirement Process	11.00	12.20	12.08	12.10	-0.02	Final Report Issued	High
Local Investments	15.00	15.00	15.00	8.44	6.56	Work In Progress	
Information Governance/GDPR	3.00	17.50	17.10	17.10	0.00	Final Report Issued	Medium
Control Report - Pension Overpayment	0.00	0.50	0.30	0.30	0.00	Covered in Pension Payments	
Control Report - Pension Overpayment - BN	0.00	0.24	0.30	0.30	0.00	Audit	
Ill Health Insurance Arrangement	10.00	10.00	10.00	13.59	-3.59	Draft Report Issued	
Transfers Out	10.00	13.80	16.00	16.06	-0.06	Final Report Issued	High
Connect	15.00	31.00	32.24	32.41	-0.17	Completed	
Pension Benefits Payable	15.00	20.50	21.15	21.10	0.05	Final Report Issued	Medium
MS 365	0.00	5.00	8.00	7.95	0.05	Work In Progress	
Pen Testing	0.00	0.00	2.00	2.00	0.00	Completed	
Air - Administration to Payroll Upgrade	10.00	10.00	0.00	0.00	0.00	Audit not required in 2020/21	
Visits to Liverpool Hope University	0.70	0.10	0.10	0.10	0.00	Final Report Issued - Reported in 2019/20	
Visits to University of Manchester	0.50	1.35	1.40	1.40	0.00	Final Report Issued	Medium
Visit to University of Bolton	0.70	1.50	1.29	1.30	-0.01	Final Report Issued	High
Visit to APS Global	0.90	0.00	0.00	0.00	0.00	Final Report Issued - Reported in 2019/20	
Visit to Oldham Metropolitan Borough Council	0.00	12.00	20.00	19.29	0.71	Final Report Issued	Medium
Visit to Salford City Council	0.00	8.70	10.00	11.26	-1.26	Draft Report Issued	
Visits to Jigsaw Homes	0.00	8.80	10.00	20.71	-10.71	Draft Report Issued	
Visits to Contributing Bodies	75.00	12.00	0.00	5.85	-5.85	Completed	
PAR - Oldham Council	0.00	2.00	2.00	0.80	1.20	Work In Progress	
PAR - Visit to APS Global	0.00	1.15	1.15	1.41	-0.26	Completed	
PAR - Visits to Liverpool Hope University	0.00	1.20	0.83	0.80	0.03	Completed	
PAR - Visit to Bury College	0.00	1.50	1.07	1.10	-0.03	Completed	
PAR - Visits to University of Manchester	0.00	1.20	1.50	1.32	0.18	Completed	
PAR - Creditors	0.00	2.50	2.50	1.94	0.56	Work In Progress	
PAR - GLIL	0.00	1.30	1.30	1.58	-0.28	Completed	
PAR - First Bus Asset Transfers	0.00	0.50	0.50	0.00	0.50	Rescheduled to 2021/22	
PAR - Visits to Contributing Bodies - Sodexo	0.00	1.57	1.50	1.50	0.00	Completed	

<b>Name</b>	<b>Approved Plan 2020/21</b>	<b>Revised Plan Nov 2020</b>	<b>Revised Plan Feb 2021</b>	<b>Actual Days to March 2021</b>	<b>Variance</b>	<b>Status</b>	<b>Level of Assurance</b>
PAR - Visits to Contributing Bodies - GMCA	0.00	1.54	1.60	1.60	0.00	Completed	
PAR - Visit To Bury Borough Council	1.20	0.00	0.00	0.00	0.00	Completed	
Irregularity Investigations	0.00	0.50	0.50	0.00	0.50	Completed	
Planning and Control	20.00	20.00	20.00	19.63	0.37	Completed	
Advice and Support	25.00	25.00	25.00	21.93	3.07	Completed	
Post Audit Reviews	20.00	9.00	0.00	0.00	0.00	Completed	
<b>Totals for GM Pension Fund</b>	<b>320.00</b>	<b>320.00</b>	<b>294.77</b>	<b>303.58</b>	<b>-8.81</b>		
<b>TOTAL PLANNED DAYS</b>	<b>1200.00</b>	<b>1132.94</b>	<b>1099.64</b>	<b>1058.86</b>	<b>40.78</b>		
<b>COUNTER FRAUD/INVESTIGATIONS</b>	<b>310.00</b>	<b>387.00</b>	<b>416.00</b>	<b>420.78</b>	<b>-4.78</b>		
<b>TOTAL DAYS FOR 2020/21</b>	<b>1510.00</b>	<b>1519.94</b>	<b>1515.64</b>	<b>1479.64</b>	<b>36.00</b>		

# Agenda Item 9.

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
<b>Subject:</b>	<b>ANNUAL GOVERNANCE REPORT 2020/21</b>
<b>Report Summary:</b>	<p>To present the Annual Governance Report comprised of the three elements below for comment and approval:-</p> <ol style="list-style-type: none"><li>1. The Draft Annual Review against the Code of Corporate Governance for 2020/21 shown at <b>(Appendix 1)</b>.</li><li>2. The Draft Annual Governance Statement for 2020/21 shown at <b>(Appendix 2)</b>.</li><li>3. Code of Corporate Governance 2021/23 shown at <b>(Appendix 3)</b>.</li></ol>
<b>Recommendations:</b>	<p>That the report is noted and documents are approved:-</p> <ol style="list-style-type: none"><li>1. Draft Annual Review against the Code of Corporate Governance for 2020/21 at <b>(Appendix 1)</b>.</li><li>2. Draft Annual Governance Statement for 2020/21 at <b>(Appendix 2)</b>.</li><li>3. Code of Corporate Governance 2021/23 shown at <b>(Appendix 3)</b>.</li></ol>
<b>Links to Corporate Plan:</b>	Demonstrates proper Corporate Governance.
<b>Policy Implications:</b>	Demonstrates proper compliance with the Accounts and Audit Regulations 2015 (as amended).
<b>Financial Implications: (Authorised by the Borough Treasurer)</b>	Sound corporate governance and proper systems of internal control are essential for the long-term financial health and reputation of the Council.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	The production of the Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 (as amended).
<b>Risk Management:</b>	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.
<b>Access to Information:</b>	<p>The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by:</p> <p> Telephone: 0161 342 3846  e-mail: <a href="mailto:wendy.poole@tameside.gov.uk">wendy.poole@tameside.gov.uk</a></p>



## 1 INTRODUCTION

- 1.1 Corporate Governance is the system by which the Council directs and controls its functions and relates to its community. This is the means by which sound and ethical practice can be assured and unacceptable practice identified and eradicated. Historically there has been a general recognition that all local authorities should be seen to meet the highest standards and governance arrangements possible.
- 1.2 The issues faced by local authorities in recent years reflecting social, economic, and legislative change have led to new, diverse ways of working as opposed to traditional roles. The common theme that continues to run through Government initiatives is the need for local authorities to review the various systems and processes they have in place for managing both their internal affairs and their relationships with their expanding number of key stakeholders. Together these systems comprise corporate governance.

## 2 CORPORATE GOVERNANCE REQUIREMENTS

- 2.1 The Framework Delivering Good Governance in Local Government, published by the Chartered Institute of Public Finance and Accountancy in association with Society of Local Authority Chief Executives in 2016, sets the standard for local authority governance in the UK. The Framework urges local authorities to review and report on the effectiveness of their governance arrangements.
- 2.2 The main principle underpinning the 2016 version of Delivering Good Governance in Local Government: Framework (2016) ('the Framework') continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 2.3 The core principles of the Framework are: -
  - Behaving with integrity, demonstrating strong commitment to ethical standards and respecting the rule of law;
  - Ensuring openness and comprehensive stakeholder engagement;
  - Defining outcomes in terms of sustainable economic, social and environmental benefits;
  - Determining the intervention necessary to optimise the achievement of the intended outcomes;
  - Developing the entity's capacity including the capability of its leadership and the individuals within it;
  - Managing risks and performance through robust internal control and strong public financial management; and
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 2.4 The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

- 2.5 The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by: -
- reviewing existing governance arrangements;
  - developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
  - reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

### **3 ANNUAL REVIEW AGAINST THE CODE OF CORPORATE GOVERNANCE**

- 3.1 A review has been completed assessing the Council's position against the approved Code of Corporate Governance in order to demonstrate compliance, ongoing developments/improvement and to prepare for the compilation of this year's Annual Governance Statement which is required, by the Accounts and Audit Regulations 2015 (as amended).
- 3.2 The document is attached at **Appendix 1** and incorporates comments received from the Senior Leadership Team and the Assistant Directors Delivery Group.

### **4 ANNUAL GOVERNANCE STATEMENT**

- 4.1 The preparation and publication of an Annual Governance Statement is necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015 (as amended). It requires authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and "following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control".
- 4.2 The Draft Annual Governance Statement for 2020/21 which has been drawn up using the guidance contained within Delivering Good Governance in Local Government - Framework issued in 2016 is attached at **Appendix 2** and incorporates comments received from the Senior Leadership Team and the Assistant Directors Delivery Group.
- 4.3 The Annual Governance Statement is a corporate statement and covers both Tameside and the Greater Manchester Pension Fund.
- 4.4 The Annual Governance Statement is based on: -
- Directorate Self-Assessment Checklists and signed Assurance Statements;
  - Head of Risk Management and Audit's Annual Report;
  - Medium Term Financial Plan/Budget Report;
  - Regular Budget Monitoring and Performance Reports
  - Review of System of Internal Audit;
  - External Audit Completion Report and Annual Audit Letter;
  - Role of the Chief Financial Officer;
  - Role of the Head of Internal Audit;
  - Financial Management Code;
  - Corporate Plan; and
  - Peer Reviews/Statutory Inspections.
- 4.5 This list is not exhaustive but it details the key elements of the assurance framework used to support the production of the Annual Governance Statement.



## **5 CODE OF CORPORATE GOVERNANCE**

- 5.1 The Code of Corporate Governance 2021/23 is based on the guidance document issued in 2016 - Delivering Good Governance Framework 2016 and is attached at **Appendix 3**. The document covers a two year period as there is no scheduled update to the guidance.

## **6 EXECUTIVE CABINET**

- 6.1 Following the Audit Panel the report will be circulated to the Executive Cabinet for comments and any feedback will be incorporated into the final documents.

## **7 EXTERNAL AUDIT**

- 7.1 The Draft Annual Governance Statement will be presented to our External Auditors Mazars as part of their audit of the Statement of Accounts.
- 7.2 The final version incorporating any updates and comments will be presented to the Audit Panel on 28 September 2021 for approval. It will then be signed by the Executive Leader and the Chief Executive and presented formally to Mazars.
- 7.3 Until this date the Annual Governance Statement is a live document and will need to be updated for any issues that come to light affecting the governance arrangements in place.

## **8 RECOMMENDATIONS**

- 8.1 As set out on the front of the report.

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**DRAFT REVIEW AGAINST THE**  
**CODE OF CORPORATE**  
**GOVERNANCE**  
**2020-21**

## **Introduction**

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

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

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

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

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

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

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

## Principles of Good Governance

### **Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

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

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	<ul style="list-style-type: none"> <li>• Member Code of Conduct (REVISED 2021)</li> <li>• Officer Code of Conduct/Conduct Rules</li> <li>• Standards Committee</li> <li>• Induction/Training</li> <li>• People Plan - Strive Values</li> <li>• Annual Development Reviews</li> <li>• Chief Executives Brief</li> <li>• The Wire</li> </ul>	
	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Executive Leader's Annual Key Note Address</li> <li>• Constitution</li> <li>• Member Code of Conduct</li> <li>• People Plan – Strive Values</li> </ul>	
	Leading by example and using these standard operating principles or values as a	<ul style="list-style-type: none"> <li>• Council Constitution – Article 17 Decision Making</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	framework for decision making and other actions.	<ul style="list-style-type: none"> <li>• Declaration of Interests at meetings</li> <li>• Standards Committee</li> </ul>	
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.	<ul style="list-style-type: none"> <li>• People Plan – Strive Values</li> <li>• Whistleblowing Policy</li> <li>• Anti-Fraud, Bribery and Corruption Strategy - Statement of Intent</li> <li>• Register of Gifts and Hospitality</li> <li>• Register of Interests</li> <li>• Complaints Policy</li> <li>• Codes of Conduct</li> <li>• Agendas/Minutes for Meetings</li> </ul>	
<b>Demonstrating strong commitment to ethical values</b>	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	<ul style="list-style-type: none"> <li>• Scrutiny function</li> <li>• Standards Committee</li> <li>• Constitution - Decision Making</li> <li>• Codes of Conduct (Members/Staff)</li> </ul>	
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.	<ul style="list-style-type: none"> <li>• Chief Executive's Brief</li> <li>• The Wire</li> <li>• Team Briefings</li> <li>• Management Training – Strive Programme</li> <li>• Workforce Development Plan</li> <li>• Contracts of Employment</li> <li>• Codes of Conduct (Members/Staff)</li> </ul>	
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	<ul style="list-style-type: none"> <li>• Annual Development Review Process</li> <li>• Standards Committee</li> <li>• Recruitment Policies</li> <li>• Constitution</li> <li>• Codes of Conduct (Members/Staff)</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.	<ul style="list-style-type: none"> <li>• Requirements built into contracts and agreements.</li> <li>• STAR procurement process</li> </ul>	
<b>Respecting the rule of law</b>	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Statutory Guidance</li> <li>• Qualified Officers in post</li> <li>• Circulation of Legal Updates</li> <li>• Legal implications included on all reports presented to Panels/Committees and Full Council</li> </ul>	
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	<ul style="list-style-type: none"> <li>• Statutory Officer roles</li> <li>• Job Descriptions/Person Specifications</li> <li>• Scheme of Delegation</li> <li>• Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016)</li> </ul>	
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.	<ul style="list-style-type: none"> <li>• Legal Implications are provided on all reports presented to Panels/Committees and Full Council.</li> </ul>	
	Dealing with breaches of legal and regulatory provisions effectively.	<ul style="list-style-type: none"> <li>• Monitoring Officer provisions</li> <li>• Whistle Blowing Policy</li> <li>• Legal Implications provided on reports</li> <li>• Statutory provisions</li> <li>• External/Internal Audit and Statutory Inspections</li> <li>• Ombudsman Complaints</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
		<ul style="list-style-type: none"> <li>• Insurance Claims Handling Process</li> </ul>	
	<p>Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> <li>• Anti-Fraud, Bribery and Corruption Statement of Intent and procedures</li> <li>• Internal Audit Assurance</li> <li>• Disciplinary Procedure</li> <li>• Constitution</li> <li>• Whistleblowing Policy</li> <li>• Financial Regulations and Procurement Rules</li> <li>• Bribery Act Guidance</li> </ul>	



**Principle B - Ensuring openness and comprehensive stakeholder engagement.**

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

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.	<ul style="list-style-type: none"> <li>• Council Website</li> <li>• Corporate Plan</li> <li>• Data Protection Webpage</li> <li>• Freedom of Information Act</li> <li>• Transparency Pages</li> <li>• Engagement Strategy</li> </ul>	
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.	<ul style="list-style-type: none"> <li>• Constitution – Article 17 Decision Making</li> <li>• Agendas/Minutes for Meetings are published on the Council's Website</li> <li>• All Council Meetings have been conducted virtually throughout 2020/21 in response to COVID-19 restrictions and webcasts are available on the Council's website.</li> </ul>	
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	<ul style="list-style-type: none"> <li>• Constitution – Article 17 Decision Making</li> <li>• Report Templates</li> <li>• Legal/Financial Implications provided on all reports presented to decision makers</li> <li>• Meeting dates for Full Council, Panels and Committees published on website</li> <li>• Constitution - Access to Information Procedure Rules</li> <li>• Agenda deadlines provided and adhered to</li> <li>• Safe and Sound Decision Making guidance</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Consultation – Big Conversation</li> <li>• Partnership Engagement Network</li> <li>• Neighbourhood Forums</li> <li>• Safe and Sound Decision Making guidance</li> <li>• Engagement Strategy</li> <li>• Budget Consultation</li> </ul>	
<b>Engaging comprehensively with institutional stakeholders</b>	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.	<ul style="list-style-type: none"> <li>• Service Area Plans</li> <li>• Corporate Plan</li> <li>• Partnership Engagement Network</li> <li>• Safe and Sound Decision Making guidance</li> <li>• Engagement Strategy</li> <li>• Community Champions Network</li> </ul>	
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<ul style="list-style-type: none"> <li>• Specific Partnership Agreements</li> <li>• Budget Report</li> <li>• Partnership Engagement Network</li> <li>• Life in Tameside and Glossop</li> <li>• Cooperative Council Innovation Network</li> <li>• Community champions Network</li> <li>• Tameside and Glossop Inequalities Reference Group</li> </ul>	
	Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>• Trust</li> <li>• A shared commitment to change</li> <li>• A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership Agreements</li> <li>• Co-operative Council Innovation Network</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
<b>Engaging with individual citizens and service users Effectively.</b>	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	<ul style="list-style-type: none"> <li>• Consultation – Big Conversation</li> <li>• Neighbourhood Forums</li> <li>• Specific Partnership Agreements</li> <li>• Partnership Engagement Network</li> <li>• Engagement Strategy</li> <li>• Budget Consultation</li> <li>• Community Champions Network</li> </ul>	
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.	<ul style="list-style-type: none"> <li>• Communications Strategy</li> <li>• Engagement Strategy</li> </ul>	
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.	<ul style="list-style-type: none"> <li>• Communications Strategy</li> <li>• Life in Tameside and Glossop (Joint Strategic Needs Assessment)</li> <li>• Partnership Engagement Network</li> <li>• Neighbourhood Forums</li> <li>• Community Champions Network</li> </ul>	
	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.	<ul style="list-style-type: none"> <li>• Communication Strategy</li> <li>• Complaints Procedure</li> <li>• Citizen Magazine</li> <li>• Engagement Strategy</li> <li>• Strategic Neighbourhood Forums</li> <li>• Partnership Engagement Network Conferences/Sessions</li> </ul>	
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	<ul style="list-style-type: none"> <li>• Consultation</li> <li>• AGMA Meetings</li> <li>• Council/Health Meetings</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	<p>Taking account of the interests of future generations of tax payers and service users.</p>	<ul style="list-style-type: none"> <li>• Strategic Neighbourhood Forums</li> <li>• Corporate Plan</li> <li>• Service Plans</li> <li>• Life in Tameside and Glossop (Joint Strategic Needs Assessment)</li> <li>• Budget Consultation</li> <li>• Big Conversation</li> <li>• Public Engagement Network</li> </ul>	

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

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

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Defining outcomes	Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions.	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Executive Leader’s Key Note Address</li> <li>• Green Summit</li> <li>• Neighbourhood Summit</li> <li>• Support for Climate Emergency</li> <li>• COVID Priorities</li> </ul>	
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Community Engagement</li> <li>• Service Plans</li> <li>• Strategic Neighbourhood Forums                             <ul style="list-style-type: none"> <li>• Partnership Engagement Network</li> <li>• Community Champions Network</li> </ul> </li> </ul>	
	Delivering defined outcomes on a sustainable basis within the resources that will be available.	<ul style="list-style-type: none"> <li>• Medium Tern Financial Plan</li> <li>• Annual Budget Report</li> <li>• Monitoring Reports</li> <li>• Statement of Accounts</li> </ul>	
	Identifying and managing risks to the achievement of outcomes.	<ul style="list-style-type: none"> <li>• Risk Management Policy and Strategy</li> <li>• Performance Reports</li> <li>• Risk Management Comments on all reports to Decision Makers</li> <li>• Corporate Risk Register</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Managing service user's expectations effectively with regard to determining priorities and making the best use of the resources available.	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Service Plans</li> <li>• Executive Leaders Key Note Address</li> <li>• Performance Indicators</li> <li>• Budget Consultation</li> </ul>	
<b>Sustainable economic, social and environmental benefits</b>	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.	<ul style="list-style-type: none"> <li>• Legal/Financial Implications on all reports provided to Decision Makers</li> <li>• Service Plans</li> <li>• Medium Term Financial Plan</li> <li>• Budget Report</li> <li>• Social Value in Commissioning</li> </ul>	
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan</li> <li>• Consultation</li> <li>• Decision Making reports/minutes are published on Website</li> <li>• Forward Plan</li> <li>• Legal/Financial/Risk Management Implications on all reports provided to Decision Makers</li> </ul>	
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	<ul style="list-style-type: none"> <li>• Consultation</li> <li>• Constitution Article 17 - Decision Making</li> <li>• Public Engagement Network</li> </ul>	
	Ensuring fair access to services.	<ul style="list-style-type: none"> <li>• Corporate Equality Scheme</li> <li>• Equality Impact Assessments</li> </ul>	

**Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.**

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

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Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
<b>Determining interventions</b>	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved, however, services are provided.	<ul style="list-style-type: none"> <li>• Constitution Article 17 – Decision Making</li> <li>• Forward Plan</li> <li>• All reports to Decision Makers have legal/financial and risk management comments</li> <li>• External Audit – Value for Money Conclusion</li> <li>• Safe and Sound Decision Making Guidance</li> </ul>	
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	<ul style="list-style-type: none"> <li>• Consultation Feedback</li> <li>• Medium Term Financial Plan</li> <li>• Complaints/Service Requests</li> <li>• Revenue/Capital Monitoring</li> <li>• Budget Consultation</li> </ul>	
<b>Planning interventions</b>	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	<ul style="list-style-type: none"> <li>• Meeting dates published</li> <li>• Forward Plan</li> <li>• Service planning process</li> </ul>	
	Engaging with internal and external stakeholders in determining how services and	<ul style="list-style-type: none"> <li>• Communication Strategy</li> <li>• Partnership Engagement Network</li> <li>• Mental Health Collaboration</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	other courses of action should be planned and delivered.	<ul style="list-style-type: none"> <li>• Big Conversation</li> </ul>	
	Considering and monitoring risks facing each partner when working collaboratively including shared risks.	<ul style="list-style-type: none"> <li>• Specific Partnership Agreements</li> <li>• Risk Registers</li> </ul>	
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.	<ul style="list-style-type: none"> <li>• Service Planning</li> <li>• Business Continuity Plans</li> </ul>	
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> <li>• Service Planning</li> <li>• Performance Indicators</li> <li>• Annual Reports</li> </ul>	
	Ensuring capacity exists to generate the information required to review service quality regularly.	<ul style="list-style-type: none"> <li>• Performance indicators are reported, benchmarking is undertaken and corrective action taken where necessary</li> <li>• Review of Service Plans</li> </ul>	
	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.	<ul style="list-style-type: none"> <li>• Budget Consultation</li> <li>• Corporate Plan</li> <li>• Medium Term Financial Plan</li> <li>• Budget Report</li> <li>• Executive Member Consultation</li> <li>• Savings targets and monitoring</li> </ul>	
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Medium Term Financial Plan</li> <li>• Budget Report</li> <li>• Revenue and Capital Monitoring</li> </ul>	



Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
		<ul style="list-style-type: none"> <li>• Savings targets and monitoring</li> </ul>	
<b>Optimising achievement of intended outcomes</b>	Ensuring the Medium Term Financial Plan integrates and balances service priorities, affordability and other resource constraints.	<ul style="list-style-type: none"> <li>• Annual Budget Report</li> <li>• External Auditor Letter/Report</li> <li>• Revenue and Capital Monitoring</li> <li>• Savings targets and monitoring</li> </ul>	
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	<ul style="list-style-type: none"> <li>• Budget Guidance</li> <li>• Officer/Executive Member Consultation</li> <li>• Savings targets and monitoring</li> </ul>	
	Ensuring the Medium Term Financial Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	<ul style="list-style-type: none"> <li>• Revenue and Capital Monitoring</li> <li>• Review of Medium Term Financial Plan</li> <li>• Savings targets and monitoring</li> </ul>	
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".	<ul style="list-style-type: none"> <li>• Budget Report</li> <li>• Statement of Accounts</li> <li>• Advice and Guidance from STAR Procurement</li> </ul>	

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

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

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Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Developing the entity's capacity	Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.	<ul style="list-style-type: none"> <li>Revenue and Capital Monitoring</li> <li>Service Reviews</li> <li>Performance Reports</li> <li>Statement of Accounts</li> </ul>	
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	<ul style="list-style-type: none"> <li>Benchmarking undertaken where applicable</li> <li>Co-operative Council Innovation Network</li> <li>Budget process</li> </ul>	
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.	<ul style="list-style-type: none"> <li>Health and Social Care Partnership Board</li> <li>Strategic Commissioning Board</li> <li>Mental Health Collaboration</li> <li>Maternity Voices Partnership</li> <li>Adults and Children's Safeguarding Boards</li> <li>Co-operative Council Innovation Network</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	<ul style="list-style-type: none"> <li>• Workforce Plan</li> <li>• Service Plans</li> <li>• Strive Leadership/Development Programme</li> </ul>	
<b>Developing the capability of the entity's leadership and other individuals</b>	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.	<ul style="list-style-type: none"> <li>• Job Descriptions</li> <li>• Member Portfolios</li> <li>• Constitution Article 16 - Officers</li> <li>• Constitution - Appointment of Statutory and Proper Officers</li> </ul>	
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.	<ul style="list-style-type: none"> <li>• Constitution – Article 17 Decision Making</li> <li>• Constitution - Terms of Reference and Scheme of Delegation</li> <li>• Financial Regulations</li> <li>• Procurement Standing Orders</li> </ul>	
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	<ul style="list-style-type: none"> <li>• Member Portfolios</li> <li>• Constitution Article 16 - Officers</li> <li>• Constitution - Appointment of Statutory and Proper Officers</li> </ul>	
	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:	<ul style="list-style-type: none"> <li>• Annual Development Reviews</li> <li>• Member Development</li> <li>• Strive Leadership and Aspiring Leaders Programmes</li> <li>• Training Programmes</li> <li>• Induction programme for Staff</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	<ul style="list-style-type: none"> <li>• ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>• ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</li> <li>• ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</li> </ul>	<ul style="list-style-type: none"> <li>• Induction programme for Members</li> <li>• Member/Senior Officer Development Days</li> <li>• Scrutiny Panels</li> <li>• Media Training for Members and Senior Management</li> <li>• Me Learning System</li> <li>• COVID-19 Briefings from the Executive Leader and Chief Executive</li> </ul>	
	Ensuring that there are structures in place to encourage public participation.	<ul style="list-style-type: none"> <li>• Strategic Neighbourhood Forums</li> <li>• The Big Conversation</li> <li>• Citizen Magazine</li> <li>• Partnership Engagement Network</li> </ul>	
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.	<ul style="list-style-type: none"> <li>• Annual Development Reviews</li> <li>• Supervision Meetings</li> <li>• Executive Member Annual Reports</li> <li>• LGA Peer Challenge (On Hold due to COVID-19)</li> <li>• External Inspections</li> <li>• Development Days</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Holding staff to account through regular performance reviews which take account of training or development needs.	<ul style="list-style-type: none"> <li>• Annual Development Reviews</li> <li>• Supervision Meetings</li> <li>• Strive Leadership and Aspiring Leaders Programmes</li> <li>• Training Programmes</li> </ul>	
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	<ul style="list-style-type: none"> <li>• Health and Wellbeing pages on Staff Portal</li> <li>• Chief Executive's Brief</li> <li>• The Wire</li> <li>• Strive Leadership and Aspiring Leaders Programmes</li> <li>• Risk Assessments</li> <li>• People and Workforce Development Emails to Managers</li> <li>• COVID-19 Frequently Asked Questions</li> <li>• Staff Survey</li> </ul>	

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

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

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Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional work Identified
<b>Managing risk</b>	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.	<ul style="list-style-type: none"> <li>• Risk Management Policy and Strategy</li> <li>• Corporate Risk Register</li> <li>• Risk Register</li> <li>• All reports to Council, Panels and Committees have to include risk management comments.</li> </ul>	
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	<ul style="list-style-type: none"> <li>• Risk Management Policy and Strategy</li> <li>• Corporate Risk Register updates to senior management and the Audit Panel</li> <li>• AGS Self-Assessment Checklists and Assurance Statements</li> </ul>	
	Ensuring that responsibilities for managing individual risks are clearly allocated	<ul style="list-style-type: none"> <li>• Risk Management Policy and Strategy</li> <li>• Corporate Risk Register</li> </ul>	
<b>Managing performance</b>	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	<ul style="list-style-type: none"> <li>• Service Plans</li> <li>• Performance indicators</li> <li>• Budget Monitoring</li> <li>• Benchmarking</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional work Identified
		<ul style="list-style-type: none"> <li>Peer Reviews</li> </ul>	
	<p>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p>	<ul style="list-style-type: none"> <li>Publication of agendas and minutes of meetings</li> <li>All reports to Council, Panels and Committees have to include legal, financial and risk management comments.</li> <li>Agenda Preparation Timetables in place.</li> </ul>	
	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.</p>	<ul style="list-style-type: none"> <li>Scrutiny Function</li> <li>Agendas and minutes of Scrutiny Panels</li> <li>Scrutiny Panel Terms of Reference</li> <li>Forward Plan</li> <li>Scrutiny Annual Report</li> <li>Constitution – Article 17 Decision Making</li> <li>Use of Local Government and Social Care Ombudsman (LGSCO) in Depth Focus Reports</li> <li>Overview Panel</li> <li>Emails to Scrutiny Members – Guidance, Consultations and GM Scrutiny Outputs</li> </ul>	
	<p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.</p>	<ul style="list-style-type: none"> <li>Agenda Preparation Timetable</li> <li>Constitution - Access to Information Procedure Rules</li> <li>Review of Corporate Plan</li> </ul>	
	<p>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p>	<ul style="list-style-type: none"> <li>Financial Regulations</li> <li>Procurement Standing Orders</li> <li>Revenue and Capital Monitoring</li> <li>Strategic Planning and Capital Monitoring Panel</li> <li>Statement of Accounts</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional work Identified
<b>Robust internal control</b>	Aligning the risk management strategy and policies on internal control with achieving the objectives.	<ul style="list-style-type: none"> <li>• Risk Management Policy and Strategy</li> <li>• Audit Plan and Audit Reports</li> <li>• Corporate Plan Review/Work Streams</li> <li>• Corporate Risk Register</li> <li>• Service Plans</li> </ul>	
	Evaluating and monitoring the authority's risk management and internal control on a regular basis.	<ul style="list-style-type: none"> <li>• Audit Plan</li> <li>• Risk Management Policy and Strategy reviewed annually</li> <li>• Progress Reports presented to the Audit Panel</li> <li>• Annual Report from Head of Risk Management and Audit Services</li> <li>• AGS Self-Assessment Checklists and Assurance Statements</li> </ul>	
	Ensuring effective counter fraud and anti-corruption arrangements are in place.	<ul style="list-style-type: none"> <li>• Fraud function compliant with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)</li> <li>• Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent</li> <li>• Response to Assurance Letters received from External Auditors</li> </ul>	
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• Public Sector Internal Audit Standards</li> <li>• Progress Reports presented to the Audit Panel</li> <li>• Annual Report from Head of Risk Management and Audit Services</li> <li>• AGS Self-Assessment Checklists and Assurance Statements</li> </ul>	



Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional work Identified
	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> <li>• provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>• that its recommendations are listened to and acted upon.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Panel Terms of Reference</li> <li>• Agendas and Minutes published</li> <li>• Audit Panel Forward Plan</li> </ul>	
<b>Managing data</b>	<p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p>	<ul style="list-style-type: none"> <li>• Information Governance Framework</li> <li>• Information Governance Group</li> <li>• Data Protection Webpage</li> <li>• Data Protection Impact Assessments</li> <li>• DPO in place</li> <li>• Information Governance and Cyber Security Training</li> <li>• AGS Self-Assessment Checklists and Assurance Statements</li> </ul>	
	<p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p>	<ul style="list-style-type: none"> <li>• Information Governance Framework</li> <li>• Data Protection Impact Assessments</li> <li>• Data Sharing Protocol</li> <li>• Advice from Legal and Risk, Insurance and Information Governance Team provided</li> <li>• Project Groups established</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional work Identified
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	<ul style="list-style-type: none"> <li>• Internal Audit Plan</li> <li>• NHS Data Security and Protection Toolkit</li> <li>• Data Managers in place</li> <li>• Safe and Sound Decisions Guidance</li> </ul>	
<b>Strong public financial management</b>	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan</li> <li>• Budget Report</li> <li>• Savings Targets and monitoring</li> <li>• Revenue and Capital Monitoring</li> <li>• All reports presented to Council, Panels and Committees require Financial Comments</li> </ul>	
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	<ul style="list-style-type: none"> <li>• Qualified Managers in post.</li> <li>• Budget Report</li> <li>• Financial Business Partners work with Directorates</li> <li>• Revenue and /Capital Monitoring</li> <li>• Internal Audit Reports</li> <li>• Statement of Accounts</li> <li>• External Audit Completion Report and Annual Letter</li> </ul>	

**Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

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

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
<b>Implementing good practice in transparency</b>	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	<ul style="list-style-type: none"> <li>• Council Website</li> <li>• Transparency Pages</li> <li>• Annual Reports</li> <li>• Social Media pages</li> </ul>	
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	<ul style="list-style-type: none"> <li>• Statement of Accounts</li> <li>• Annual Report</li> <li>• Transparency Pages</li> <li>• Council Website</li> </ul>	
<b>Implementing good practices in reporting</b>	Reporting at least annually on performance, value for money and the stewardship of its resources.	<ul style="list-style-type: none"> <li>• External Audit Completion Report and Annual Letter</li> <li>• Statement of Accounts</li> <li>• Annual Governance Statement</li> <li>• Annual Report</li> </ul>	
	Ensuring members and senior management own the results.	<ul style="list-style-type: none"> <li>• Minutes of Meetings</li> <li>• Job Descriptions</li> <li>• Member Portfolios</li> </ul>	
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• AGS Self-Assessment Checklists and Assurance Statements</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	assessment including an evidence to demonstrate good governance (annual governance statement).	<ul style="list-style-type: none"> <li>• Internal Audit function</li> <li>• External Audit Completion Report and Annual Letter</li> <li>•</li> </ul>	
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> </ul>	
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.	<ul style="list-style-type: none"> <li>• Statement of Accounts</li> <li>• External Audit Completion Report and Annual Letter</li> <li>• Deadlines in place</li> <li>• Qualified officers in post</li> </ul>	
<b>Assurance and effective Accountability</b>	Ensuring that recommendations for corrective action made by external audit are acted upon.	<ul style="list-style-type: none"> <li>• External Audit Completion Report and Annual Letter</li> <li>• Minutes from Executive Cabinet/Audit Panel Meeting</li> <li>• Internal Audit Plan</li> <li>• External Audit Reports to the Audit Panel</li> </ul>	
	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.	<ul style="list-style-type: none"> <li>• Internal Audit Charter and Strategy</li> <li>• Internal Audit Plan</li> <li>• Internal Audit - Post Audit Reviews</li> <li>• Progress Reports presented to the Audit Panel</li> <li>• Annual Report from Head of Risk Management and Audit presented to Audit Panel</li> <li>• Compliance with Public Sector Internal Audit Standards</li> </ul>	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	<ul style="list-style-type: none"> <li>• Action Plans are formulated to ensure recommendations are implemented, e.g. Ofsted Inspection of Children’s Services.</li> <li>• Service Peer Reviews</li> <li>• LGA Peer Reviews</li> </ul>	
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• Statement of Accounts</li> <li>• Assurance Letters from External Auditors</li> <li>• AGS Self-Assessment Checklists and Assurance Statements</li> </ul>	
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> <li>• Specific Partnership Agreements</li> <li>• Partnership Boards</li> <li>• Mental Health Collaboration</li> <li>• Maternity Voices Partnership</li> <li>• Co-operative Council Innovation Network</li> <li>• Meeting agendas and minutes published on Council website.</li> <li>• Meeting are recorded and available via webcast.</li> </ul>	

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**Draft**  
**Annual Governance Statement**  
**2020/2021**

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

## **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 its 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 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 2021, 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, Live 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 Website 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.

The Council's response to the COVID-19 Pandemic demonstrate its commitment to openness and acting in the public interest. Information was made available on the Council's website and social media platforms from the outset and have been continually updated as additional guidance and restrictions were put in place. In the public interest with partners, it ensured that those most at risk were catered for, resources were redirected to meet priorities in terms of testing, track and trace and vaccinations and it dealt compassionately with those families who lost loved ones to the virus in arranging COVID safe funerals.

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 responds 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.

During COVID-19, whilst services tried to deliver against the corporate plan the key priority was to deal with the pandemic to contain the virus, recover and build back better and fairer. In the initial response, many services were redirected to assist with the Humanitarian Hub and in priority areas like Health and Social Care, Public Health and enforcement roles to ensure lockdown restrictions were adhered to.

The Council set a balanced budget for 2020/21 but the budget process was challenging, with budget pressures of more than £23m having to be funded. Whilst the Council dealt with these challenges it did not propose any meaningful transformational efficiencies from departments and as a result relied on a number of corporate financing initiatives to balance the budget including budgeting for the full estimated dividend from Manchester Airport Group, an increase in the vacancy factor and targets around increasing fees and charges income.

The budget also relied on drawing down £12.4m of reserves to target investment into priority areas and allow services the time to turn around areas of pressures. The pressures 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 system and additional income generated. The additional investment was targeted at 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.

The COVID-19 pandemic has had a significant adverse impact on Council Finances, both in 2020/21 and on future financial forecasts, due to a combination of additional costs and lost income. Significant additional funding has been provided in 2020/21 and for 2021/22, however, this does not cover all income losses, particularly those income reductions forecast in future years due to the ongoing economic impact of the pandemic.

***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.

Pre COVID, the creation of an integrated system of health and social care was a key priority bringing together Tameside and Glossop Clinical Commissioning Group, Tameside 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. This has served the Council well in responding to the COVID-19 Pandemic as strong trusting relationships were in place that enabled the Council and its partners to respond to, contain and start to build back better from the pandemic.

For a large part of 2020/21, Tameside has been in lockdown with the majority of staff working from home and front line staff dealing with the immediate impact of the pandemic. Resources were

reallocated to provide the response needed to serve the Tameside community and those in need. Priorities changed to deal with the public health response needed to track and trace those infected, the hospital faced unprecedented numbers of patients suffering from COVID-19 and testing facilities were set up. In the initial stages the Council, set up a humanitarian response to ensure those shielding and in need had food and essential medical supplies, computers were provided to schools to enable children to continue with their education, all with the support of partners. Additional pressures were placed on the Cemeteries and Cremation Team as the number of deaths increased and restrictions were imposed on the number attending funerals and on our colleagues in IT Services who had to overnight ensure staff could work from home.

As the pandemic developed resources were prioritised to deal with the processing and payment of grants to support businesses and then with the arrival of the vaccine the Council and partners worked hard to ensure Tameside received its fair share of the vaccine and the residents received their 'jabs'.

2020/21 has been an unprecedented year and all services across the Council have been affected. As community leaders and with the support of partners, priorities throughout the year have changed to meet demand and the evolving requirements needed to deal with the pandemic and the challenges we have faced and will continue to face as we recover and eventually return to normality.

Starting Well is a priority for Tameside as it is a key driver for future prosperity. The Council has worked with Headteachers across Tameside to provide support in response to the COVID-19 lockdowns, which have seen schools closed across the Borough for many months. Home schooling has been a necessity to continue to educate and ensuring that children had the technology to participate was key to its success. Testing for pupils and responding to confirmed cases of COVID-19 remains a priority to contain and manage the spread of the virus.

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 £50bn, which is helping to reduce investments costs and provide greater scope to allow the funds to invest in major regional and national infrastructure projects.

GMPF is the biggest local Government fund in the country and invests in a diverse range of assets. At a high level, GMPF has set itself the target of achieving net zero emissions by c2050, in line with the Paris Agreement. It has been on this journey for some time, and works very closely with its 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 how 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 Council's 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.

In response to COVID-19, a dedicated webpage was set up to make information available to residents and businesses, the Executive Leader issued weekly briefings to partners and stakeholders and updates were provided on the Council's social media pages.

Engagement work coordinated through the Tameside and Glossop Partnership Engagement Network (PEN) has continued and the approach is founded on a multi-agency conversation about 'place shaping' for the future prosperity of our area and its communities. The key headlines are:-

- Facilitated thematic Tameside and/or Glossop engagement projects
- Supported 27 engagement projects at the regional and Greater Manchester level
- Established the Community Champions Network to provide residents and workforces with the coronavirus information they need to lead the way in their community, with over 250 members now registered
- Established the Tameside & Glossop Inequalities Reference Group in response to how the coronavirus pandemic, and the wider governmental and societal response to this, has brought equalities (and indeed inequalities) into sharp focus
- Delivered two virtual Partnership Engagement Network (PEN) conferences and four Partnership Engagement Network sessions focusing on the impact of COVID-19 and how we can build back better.
- Held a virtual engagement session with young people to understand the impact of the pandemic on them and how they feel things can be done differently in the future.

***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 together with webcasts as the majority of meetings have been held virtually. 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.

In Response to COVID-19, 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. Board met on a weekly

basis so that matters could be dealt with in a timely manner to ensure we could respond effectively to the fast changing situation.

To manage the pandemic a Living with COVID Board was established which reports to Executive Cabinet and the Strategic Commissioning Board; this is supported by two working groups; COVID Containment and COVID Impact/Recovery.

The robustness of data quality is the responsibility of managers and is reviewed as part of the Internal Audit and External Audit functions. Due to the Covid-19 pandemic, the approach to performance management was adapted significantly. While the Corporate Plan scorecard continued to be monitored by officers the reporting to members of the Executive Cabinet, the Strategic Commissioning Board and senior management focused on Covid-19 through new scorecards and forums. Two scorecards were developed focusing on the health and health system impacts of Covid-19 and the wider impacts of Covid-19 on the economy, families etc.

All reports provided to Decision Makers have to contain both legal and financial implications approved by the Director of Governance and Pensions (Monitoring Officer) and the Director of Finance (Section 151 Officer).

***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, which was presented to the Audit Panel in November 2020.

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 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”.

With regards to Children's Services work continued to deliver the sustainability plan, which was approved by the 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.

A focused visit to Children's Services in May 2021 by Ofsted to review how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on

society during the COVID-19 (coronavirus) pandemic, highlighted a number of improvements which are now being considered by senior management.

Adult Services and Population Health have continued to respond to the pandemic, which has put additional pressures on both services, however, in partnership with partners and key stakeholders Tameside has continued to provide an effective response in line with government restrictions and guidelines.

In the Executive Leader's speech presenting the budget to the Council Meeting in February 2021, it was stated that the Council needs to focus efforts not just on the recovery from the pandemic, but to challenge and resolve the injustices, both social and economic, that coronavirus had shone a light upon, to build back better and fairer. It further highlighted some of the great work taking place in the borough to invest, build and redevelop for inclusive growth and better services. Reference was made to the financial pressure faced by local authorities up and down the country as a result of the pandemic, which remained incredibly challenging. The demands on services from the most vulnerable – the frail elderly, people with learning disabilities and struggling families would continue to grow over the coming years. The Local Government Finance Settlement was restricted to a single year, and a further one year settlement for 2022/23 was expected. The reviews of fair funding and business rates reform had also been put on hold due to the pandemic. Whilst the reasons for this were understandable due to the current unique situation, it nevertheless made it difficult to plan effectively and efficiently for the long term. The Leader explained that, despite the financial challenges faced, there was an unwavering commitment to improving the quality of life, health and happiness of all residents and to increase the productivity of business and reform public services to deliver what was needed when it was needed.

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 17 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 has enabled GMPF, through NPEP, to begin 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 the Director of Finance covers the role of the Chief Finance Officer and these joint management arrangements have continued to operate during 2020/21 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 Budget Speech, the Corporate Plan, the Citizen Magazine, Scrutiny, Consultation via the Big Conversation and the

Tameside and Glossop Partnership Engagement Network (PEN) update which is produced monthly. Increasingly, the use of Social Media (Facebook, Twitter and Instagram) are examples of the modern ways the Council communicates with partners and residents of the Borough.

During the COVID-19 pandemic, the Executive Leader has issued a weekly Briefing Note to members, MP, staff, partners and key stakeholders.

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 concentrated on dealing with COVID-19 and the wider implications on the health and wellbeing of Tameside.

Tameside has, along with much of the rest of the North West, endured lockdowns and restrictions far longer than the rest of the Country and was likely to need support for the foreseeable future. Partnership working will be critical to achieving the objective of building back better and fairer.

***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 the Financial Management Code (FM Code) 2019 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.

The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in late 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The first year of compliance for the FM Code is 2021/22; however, CIPFA has recognised the extraordinary burden being placed on Local Authorities since the beginning of the COVID pandemic. In a statement issued on 11 February 2021 a proportionate approach is encouraged, meaning that in practice adherence to some parts of the Code will demonstrate a direction of travel rather than full compliance from 1 April 2021.

The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.

An assessment of compliance with the standards in the FM code has been undertaken and concludes that the Council is compliant with minimum standards set out in the FM Code but has identified some areas for further improvement over the course of the next 12 months.



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

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

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

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

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

Induction guidelines are available for managers including a checklist to ensure consistency across all services. Member induction is delivered by the Monitoring Officer and the Executive Support Team. As part of this, a finance induction for new members is delivered by Finance.

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 across the Council embrace best practice.

Information Governance and Cyber Security continued to be a key priority for the Council as staff are working differently and we are totally reliant on technology to continue to deliver services effectively. Working at home presents a new set of challenges to be managed. A Cyber Security Strategy for the Strategic Commission was approved by Board in September 2020 and work is ongoing to deliver the priorities detailed within. Capacity within the Information Governance Team was enhanced during the year and a detailed Work Plan is now in place which is monitored by the Information Governance Group, chaired by the Director of Governance and Pensions Data Protection Officer). The Information Governance Champions Group has been re-established to present operational level insight into data protection and information governance across the Council to assist the Information Governance Group to ensure the information governance system (Including; policies, procedures, protocols and guidance) is fit for purpose, disseminate information and ensure mandatory training is completed. 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 matches 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 2020/21 via a self-assessment, which was presented to the Audit Panel on 27 July 2021 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 continued to deliver the functions of an Audit Committee in compliance with the revised CIPFA Position Statement on Audit Committees issued in 2018. The membership of the Panel changed during 2020/21 as Executive Members were replaced and again following the May 2021 elections, as a new Chair has been appointed and several new members. 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 November 2021, Mazars commented that:

“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”.

***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.

COVID-19 has tested these arrangements and they have proven that together the Council and its partners can continue to deliver effective services in the most difficult times we have ever faced as a borough, region, country and world.

#### **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. Due to the Covid-19 pandemic, the approach to performance management was adapted significantly. While the Corporate Plan scorecard continued to be monitored by officers the reporting to members of the Executive Cabinet, the Strategic Commissioning Board and senior management focused on Covid-19 through new scorecards and forums. Two scorecards were developed focusing on the health system impacts of Covid-19 and the wider impacts of Covid-19 on the economy, families etc. From July 2021, it is proposed to return to reporting and monitoring of the Corporate Plan scorecard, but a refreshed version. The refreshed version will be in two parts – outcomes and organisational health. The former is in essence the previous Corporate Plan scorecard updated to include additional measures reflecting the work to build back better and fairer from

Covid-19 but all focused on quality of life for residents. The latter incorporates on process and system measures that indicate the efficiency and effectiveness of the council's services.

- The Capital Programme is regularly monitored and reported quarterly to the Strategic Planning and Capital Monitoring Panel, Audit Panel, Board and the Executive Cabinet.
- The Council is open to peer challenge and a LGA Peer Challenge had been commissioned, however, this had to be postponed due to COVID-19. A peer review of the Early Help Service in December 2020 and the Ofsted focused visit in May 2021 are the only two to have taken place and both were delivered virtually.
- 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, 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 for 2020/21. 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 for 2022/23
- 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 2021 and the Audit Panel in July 2021.
- 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.
- An assessment of compliance with the standards in the Financial Management Code has concluded that the Council is compliant with minimum standards set out in the Code but has identified some areas for further improvement, which are included in the Improvement Plan in Appendix A.
- Children's Services have continued on their journey to implement the improvements identified by the various Ofsted Inspections, which commenced in 2016. The Council has taken a number of direct and positive steps to ensure that effective monitoring takes place regarding improvement activity and service development. A review of monitoring and governance arrangements undertaken in 2017 highlighted the importance of structure. Findings from the review helped to establish greater clarity of roles, responsibilities, oversight and removing duplication where possible. , 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 and the scrutiny role provided by the Integrated Care and Wellbeing Scrutiny Panel.
- Learning from the Early Help Peer Review has been built into improvement plans and implementation will be monitored during 2021/22.
- COVID-19 affected service delivery and a focused visit to Children's Services in May 2021 by Ofsted to review how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on society during the COVID-19 (coronavirus) pandemic. A number of improvements were identified which need to be addressed and these will be added to the development plan for the service and monitored throughout the coming year.
- 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 was presented to the Audit Panel during the year. Work in relation to the risk management system including risk registers is ongoing and a report was presented to the Assistant Director Group and Audit Panel in July 2021 outlining the updated Risk Management Policy and Strategy.
- 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 2020/21 was reported to the Audit Panel in July 2021 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 2020 to measure and test staff understanding across these key areas and as at September 2020, the completion rate was 99%. Further Mandatory E-Learning courses have been rolled out for 2021 and the deadline for completion is 15 September 2021.
- The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in late 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The first year of compliance for the FM Code is 2021/22; however, CIPFA has recognised the extraordinary burden being placed on Local Authorities since the beginning of the COVID pandemic. In a statement issued on 11 February 2021 a proportionate approach is encouraged, meaning that in practice adherence to some parts of the Code will demonstrate a direction of travel rather than full compliance from 1 April 2021.

- 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.

## 5. Level of Assurance

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

The Internal Audit opinion for 2020/21 as reported to the Audit Panel on 27 July 2021 is that members and senior management can take reasonable assurance that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively within those areas reviewed.

The COVID-19 pandemic had an impact on the 2020/21 Internal Audit Plan, like many other services as resources were redirected to address Council priorities as several members of the team were involved in processing grants to support businesses. However, despite reduced resources Internal Audit continued to be involved in advising on changes to systems and processes and whilst a large proportion of the workforce were working from home were still able to devise new methods of working and conducted a number of audits and assurance reviews virtually. Contact with Directors and Assistant Directors was maintained to offer support and assistance where required. Similar to the rest of the Council the Audit Plan was kept under constant review and updated to reflect new priorities identified.

The value of Internal Audit lies in the detailed work that we undertake to review systems and processes to ensure that controls are in place to mitigate risks to an acceptable level and where improvements have been highlighted, managers are provided with an assessment of further actions needed and agreed to implement the suggested recommendations. Thus, improving the management of risks and supporting the overall control environment.

Internal Audit work with senior managers throughout the year using the Post Audit Review process to ensure identified improvements are implemented.

## 6. 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:

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Councillor Brenda Warrington  
Executive Leader of Tameside MBC

.....  
Steven Pleasant MBE  
Chief Executive of Tameside MBC

Dated:

Dated:

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2021	Improvement Identified for Implementation in 2021/22	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.	Report put on hold whilst the Council reviews the Capital Programme. Further actions are unknown until this review is completed in July 2021.  Levelling Up bid submitted to Central Government.	The Ashton Town Hall project and the remaining elements of the Vision Tameside project will be completed if and when capital monies become available following the Capital Programme prioritisation review.	Director of Growth  March 2022
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.	Pressures across the system have continued and capacity has been stretched in responding to this. Key areas of the 7-point plan also remain outstanding due to a lack of service and corporate capacity to deliver.  An Ofsted focused visit in May 2021 highlighted increased demand and limited capacity as impacting negatively on the ability of the service to improve performance.  An action plan has been developed in response to	An action plan has been drafted in relation to the further development of the 7-Point Plan and associated activity and this will also be an initial focus for the corporate Budget Turnaround Team.  The specific focus of this will be agreed in July 21, but will include placements for cared for children.  Wider improvement and performance activity, including those areas highlighted by Ofsted are also detailed in the improvement action plan with completion dates in 2021.	Director of Children's Services  December 2021



Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2021	Improvement Identified for Implementation in 2021/22	Improvement Owner and Completion Date
			<p>this and will be presented to Executive Cabinet in June</p> <p>Corporate support is being harnessed through a Budget Turnaround Team.</p>		
3	Management of CCTV (Carry Forward)	Capital investment to update the CCTV system will be progressed during 2020/21.	A capital priorities template has been completed for consideration and will be considered.	Capital investment to update the CCTV system will be progressed during 2021/22, if money is allocated to the project following the outcome of the Capital Programme prioritisation review.	Director of Operations and Neighbourhoods March 2022
4	Estates Management (Carry forward)	<p>The ongoing structure changes will be implemented by October 2020.</p> <p>The SAMP, Disposal Policy, Surplus Property and Freehold Reversions Policy to be considered by Cabinet in July and August 2020.</p> <p>Service and occupational building needs to be reviewed by Oct 2020.</p> <p>Asset Review work to be commissioned Sept 2020.</p>	<p>WorkSmart project now includes an external consultant, who is due to report in September 2021.</p> <p>Asset Review work is underway and the next batch of sites is due at cabinet in August 2021, following consultation with Ward Members, as per the Council's Disposal Policy.</p>	Improvement Complete.	
5	ICT Disaster Recovery and Business	During 20/21, the Council will for the first time have	The new Data Centre at Ashton Old Baths has now been handed over and	Services to review and agree their system recovery priorities	Director of Finance March 2022

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2021	Improvement Identified for Implementation in 2021/22	Improvement Owner and Completion Date
	Continuity Planning (Carry Forward)	<p>key systems hosted in a Disaster Recovery facility.</p> <p>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.</p>	<p>enabling works including fibre re-routing works are underway as pre-requisites' to the commissioning works.</p> <p>120 system (60%) of Council IT systems hosted in Rochdale have now been moved to the Councils Disaster recovery facility in the Tameside Hospitals Data Centre. All systems will have been moved by July 21 at which point the new Data Centre will be fully operational and ready to become the new permanent home for these systems.</p> <p>The IT Services Business Continuity Plan and the corporate Disaster Recovery plan for IT systems is also due to be approved by the Assistant Directors Group. Work to agree the priority order for system recovery will be agreed with services based on risk.</p>	<p>in conjunction with the IT Service.</p> <p>Once determined systems will need to be put in place to ensure Tier 1 systems have full recovery checks and tests undertaken annually and Tier 2 systems every other year.</p>	

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2021	Improvement Identified for Implementation in 2021/22	Improvement Owner and Completion Date
6	Information Governance (Carry Forward)	<p>Compliance with GDPR and the Data Protection Act 2018 are a key priority for the Council and the Risk, Insurance and Information Governance Team.</p> <p>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.</p>	Work is ongoing to deliver the tasks included in the Information Governance Work Plan and progress is being monitored by the Information Governance Group and reported to the Audit Panel.	Delivery of the Information Governance Work Plan will be progressed in 2021/22 now that additional capacity has been added to the team, to ensure compliance with UK GDPR and the Data Protection Act 2018.	<p>Director of Governance and Pensions</p> <p>Director of Finance</p> <p>March 2021</p>
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.	The NHS has consulted on a national re-configuration of commissioning organisations, which sets out proposals for legislative reform; this includes giving Integrated Care Systems a firmer footing in legislation with effect from 1 April 2022. The risk profile will need to be reviewed and managed carefully as the CCG transitions to a GM Integrated Care System.	Until the proposed legislation is passed through Parliament, it is difficult to evaluate the risks ahead. As further clarity is received on the GM Integrated Care System, risks will be identified, evaluated and reported in accordance with the joint principles agreed across the Place based leadership model.	<p>Kathy Roe/Single Leadership Team</p> <p>March 2022</p>
8	Debtors (Carry Forward)	Improvements being introduced to the Debtors System need to be embedded across the	Due to COVID-19 and the processing and payment of business support grants within Exchequer Services,	Improvements to the Debtors System need to be embedded across the Council and these will then be tested by Internal	<p>Director of Governance and Pensions</p> <p>Director of Finance</p>

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2021	Improvement Identified for Implementation in 2021/22	Improvement Owner and Completion Date
		Council and these will then be tested by Internal Audit in the latter half of 2020/21 to provide assurance that the overall system is working effectively and fit for purpose.	the Debtors Review has been rescheduled to 2021/22.	Audit in the latter half of 2021/22 to provide assurance that the overall system is working effectively and fit for purpose.	March 2022
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 management system has been reviewed and is being reported to the July meeting of the Audit Panel together with the updated Corporate Risk Register. The updated system has been devised in conjunction with the CCG; however, the outcome of the CCG restructure is awaited.	Improvement Complete.	
10	Budget Monitoring (New)	Following and Internal Audit review the processes in place are being reviewed and improved to address the concerns raised.	The Post Audit Review has been completed and 77% of recommendations have been implemented which significantly improves the control environment. A further review will be undertaken, before the Annual Governance Statement for 2020/21 is signed of in September to capture any further recommendations implemented.	Improvement Complete A further review will be undertaken before the Final Annual Governance Statement for 2020/21 is presented for approval to capture any further updates	

Ref	Area of Review	Improvement Identified for Implementation in 2020/21	Progress Reported As At 30 June 2021	Improvement Identified for Implementation in 2021/22	Improvement Owner and Completion Date
11	Compliance with the CIPFA Financial Management Code (New)			The nine improvements identified in the assessment conducted and reported to Executive Cabinet in April 2021 are implemented.	Director of Finance March 2022
12	Early Help Service (New)	To review and implement the learning and improvements identified by the Peer review conducted by Stockport MBC in December 2020.		To review and implement the learning and improvements identified by the Peer Review conducted by Stockport MBC in December 2020.	Director of Children's Services March 2022

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**CODE**  
**OF**  
**CORPORATE**  
**GOVERNANCE**  
**2021-2023**

## **Introduction**

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

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

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

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

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

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

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

The Framework applies to annual governance statement prepared for the financial year 2016/17 onwards.



## Principles of Good Governance

### **Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

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

<b>Sub-Principles</b>	<b>Behaviours and Actions that Demonstrate Good Governance in Practice</b>
<b>Behaving with integrity</b>	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
	Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
<b>Demonstrating strong commitment to ethical values</b>	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.
<b>Respecting the rule of law</b>	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
	Dealing with breaches of legal and regulatory provisions effectively.
	Ensuring corruption and misuse of power are dealt with effectively.

<b>Principle B - Ensuring openness and comprehensive stakeholder engagement.</b>	
Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.	
<b>Sub-Principles</b>	<b>Behaviours and Actions that Demonstrate Good Governance in Practice</b>
<b>Openness</b>	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.
<b>Engaging comprehensively with institutional stakeholders</b>	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
	Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>• Trust</li> <li>• a shared commitment to change</li> <li>• a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</li> </ul>
<b>Engaging stakeholders effectively, including individual citizens and service users</b>	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.

	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
	Taking account of the interests of future generations of tax payers and service users.

<b>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.</b>	
<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	
<b>Sub-Principles</b>	<b>Behaviours and Actions that Demonstrate Good Governance in Practice</b>
<b>Defining outcomes</b>	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
	Delivering defined outcomes on a sustainable basis within the resources that will be available.
	Identifying and managing risks to the achievement of outcomes.
	Managing service user's expectations effectively with regard to determining priorities and making the best use of the resources available.
<b>Sustainable economic, social and environmental benefits</b>	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
	Ensuring fair access to services.

<b>Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.</b>	
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.	
<b>Sub-Principles</b>	<b>Behaviours and Actions that Demonstrate Good Governance in Practice</b>
<b>Determining interventions</b>	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
<b>Planning interventions</b>	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
	Considering and monitoring risks facing each partner when working collaboratively including shared risks.
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
	Ensuring capacity exists to generate the information required to review service quality regularly.
	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
<b>Optimising achievement of</b>	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.

<b>intended outcomes</b>	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".

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

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

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
<p><b>Developing the entity's capacity</b></p>	<p>Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.</p>
	<p>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.</p>
	<p>Recognising the benefits of partnerships and collaborative working where added value can be achieved.</p>
	<p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p>
<p><b>Developing the capability of the entity's leadership and other individuals</b></p>	<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p>
	<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</p>
	<p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.</p>
	<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>• ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>• ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</li> </ul>

	Ensuring that there are structures in place to encourage public participation.
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
	Holding staff to account through regular performance reviews which take account of training or development needs.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.



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

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

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
<b>Managing risk</b>	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated
<b>Managing performance</b>	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).
<b>Robust internal control</b>	Aligning the risk management strategy and policies on internal control with achieving the objectives.
	Evaluating and monitoring the authority's risk management and internal control on a regular basis.
	Ensuring effective counter fraud and anti-corruption arrangements are in place.

	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>• provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>• that its recommendations are listened to and acted upon.</li> </ul>
<b>Managing data</b>	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
<b>Strong public financial management</b>	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

<b>Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</b>	
Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	
<b>Sub-Principles</b>	<b>Behaviours and Actions that Demonstrate Good Governance in Practice</b>
<b>Implementing good practice in transparency</b>	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
<b>Implementing good practices in reporting</b>	Reporting at least annually on performance, value for money and the stewardship of its resources.
	Ensuring members and senior management own the results.
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an evidence to demonstrate good governance (annual governance statement).
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
<b>Assurance and effective accountability</b>	Ensuring that recommendations for corrective action made by external audit are acted upon.
	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

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<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Executive Member/Reporting Officer:</b>	Councillor Ryan – Executive Member – Finance and Economic Growth Kathy Roe – Director of Finance
<b>Subject:</b>	<b>TREASURY MANAGEMENT ACTIVITIES</b>
<b>Report Summary:</b>	<p>The report sets out the Treasury Management activities for the financial year 2020/21.</p> <p>As investment interest rates were lower than external borrowing rates throughout the year, available cash reserves were used to fund internal borrowing on a temporary basis. This resulted in lower than anticipated borrowing costs, with an overall interest saving of £0.589m, due to a combination of strong investment returns and borrowing being taken up at a time of favourable interest rates.</p> <p>At year-end the total investment balance was £94m and total long term borrowing was £151m. Investment income was £1.866m.</p>
<b>Recommendations:</b>	<p>Audit Panel are asked to:</p> <ol style="list-style-type: none"><li>1. Note the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF).</li><li>2. Note the outturn position for the prudential indicators in <b>Appendix A.</b></li></ol>
<b>Links to Community Strategy:</b>	The Treasury Management function of the Council underpins the ability to finance the Council's priorities.
<b>Policy Implications:</b>	In line with Council Policies
<b>Financial Implications:</b> <b>(Authorised by the Section 151 Officer)</b>	<p>The minimisation of 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.</p> <p>The financial implications are determined by:</p> <ol style="list-style-type: none"><li>1. The value and timing of any borrowing undertaken (if any)</li><li>2. The amount of cash available for investment and the return achieved on this investment</li></ol> <p>A saving on interest paid of £0.589m was achieved against the 2020/21 budget. Borrowing and investment rates will continue to be monitored in order to ensure any borrowing is taken up at the optimum time.</p> <p>The investment returns for 2020/21 were £0.724m greater than the London Interbank Bid Rate (LIBID) benchmark, reflecting a proactive approach to cash forecasting, balancing liquidity with the marginal increase in interest rates available on fixed term investments.</p>

**Legal Implications:**  
**(Authorised by the  
Borough Solicitor)**

There is a statutory duty for the Council to set, monitor and comply with its requirements to ensure a balanced budget, and sound treasury management is a key tool in managing this process. Demonstration of sound treasury management will in turn provide confidence to the Council that it is complying with its fiduciary duty to the public purse, and allows the Council to better plan and fulfil its key priorities for the coming year. Members should ensure they understand the meaning of Appendix A and the outturn of prudential indicators they are being asked to approve, and the reasons for the same, before making their decision.

**Risk Management:**

Financial investments are inherently risky and a number of Local Authorities lost significant investments as part of the financial crisis in 2009. Through the Council's Treasury Management Advisers, a robust investment framework is used which aims to limit counterparty risk by only investing with high rated, institutions, placing limits on the size of investments with any one institution, and restricting the length of time that investments can be held with any one institution. Advice is also provided on the timing of any borrowings to try to minimise the rates paid. Failure to properly manage and monitor the Council's loans and investments could lead to service failure and loss of public confidence.

**Access to Information:**

The background papers relating to this report can be inspected by contacting Tom Austin, Financial Management, by:



phone: 0161 342 3857



e-mail: [Thomas.austin@tameside.gov.uk](mailto:Thomas.austin@tameside.gov.uk)

## **1. INTRODUCTION**

- 1.1 This is the Annual Report on Treasury Management for the financial year 2020/21. The report is required to be submitted to the Overview (Audit) Panel, in accordance with CIPFA's Code of Practice on Treasury Management, the Council's Financial Regulations and the CIPFA Prudential Code.
- 1.2 The report is in respect of both Tameside and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), which is the former Greater Manchester County Council Debt of which Tameside is the responsible Authority on behalf of the ten Greater Manchester Councils.

The objective of the report is:

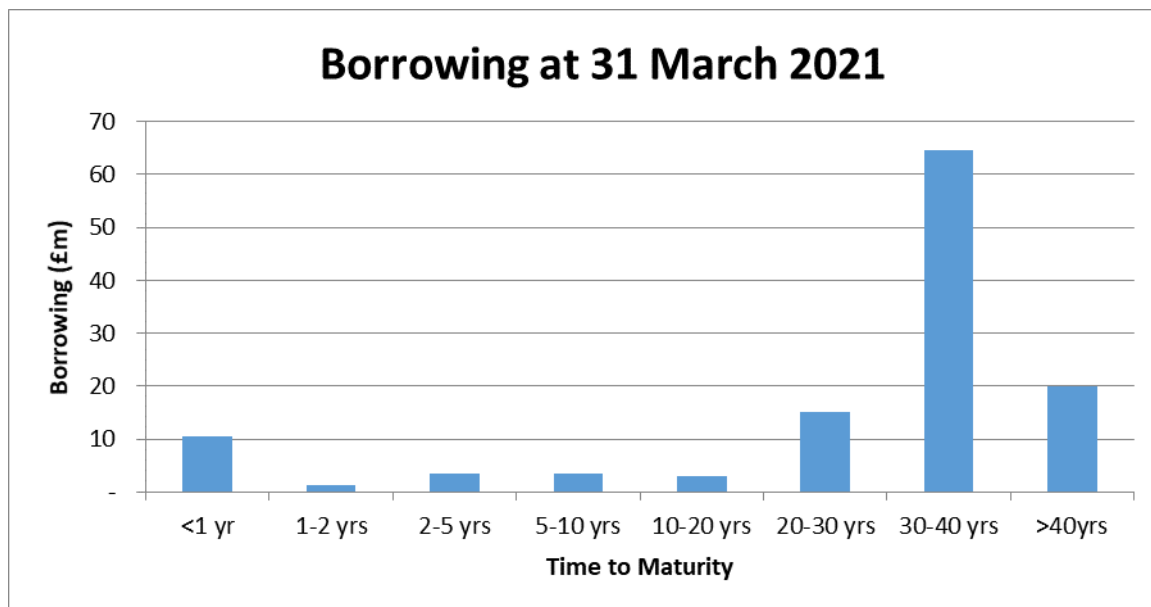
- a) To outline how the treasury function was managed during the year and how this compares to the agreed strategy.
- b) To set out the transactions made in the year;
- c) To summarise the positions with regard to loans and investments at 31 March 2021; and
- d) To set out the outturn position of the Council's prudential indicators.

## **2. TREASURY MANAGEMENT**

- 2.1 Treasury Management is defined as:  
*"The management of the local authority's cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return associated with these risks".*
- 2.2 Within this definition, the Council has traditionally operated a relatively low risk strategy. This in effect means that controls and strategy are designed to ensure that borrowing costs are kept reasonably low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments are involved, the policy is to ensure the security of the asset rather than pursue the highest returns available. These objectives are in line with the Code of Practice.
- 2.3 The global financial crisis has raised the overall possibility of default. The Council continues to maintain strict credit criteria for investment counterparties to manage this risk. A system of counterparty selection was agreed by the Council in the Treasury Management Strategy, as part of the budget setting process.

## **3. LONG TERM BORROWING**

- 3.1 The long-term debt of the Council reflects capital expenditure financed by loans, which are yet to be repaid. Total borrowing at the start of the year was £141m. This increased to £151m by the end of the year following £10m of borrowing taken up in November 2020. The maturity profile as at 31<sup>st</sup> March is as follows:



- 3.2 The amount of long-term debt that the Council may have is governed by the Prudential Limits set by the Council at the start of the financial year. This is based on the amount of borrowing which the Council has deemed to be prudent. It also allows for advance borrowing for future years' capital expenditure.
- 3.3 The Council must also allow for repayment of the debt, by way of the Minimum Revenue Provision (MRP). This is the minimum amount that the Council must set aside annually. The Local Authority (Capital Finance and Accounting) Regulations 2008 revised the previous detailed regulations and introduced a duty that an authority calculates an amount of MRP which it considered prudent, although the 2008 Regulations do not define "prudent provision", they provide guidance to authorities on how they should interpret this.
- 3.4 The Council's MRP policy for 2020/21 was set out in the Treasury Management Strategy as part of the Budget Report. The MRP charge for the 2020/21 year was £4.272m.
- 3.5 The majority of the Council's debt has been borrowed from the Public Works Loan Board (PWLB), and is solely made up of long term fixed interest loans. In previous years use has also been made of loans from banks. The main type of loan used is called a LOBO (Lender's Option - Borrower's Option) where after a pre-set time the lending bank has the option of changing the original interest rate. These loans are classified as variable interest rate loans when they reach option date. If the Council does not agree with the new interest rate, it has the option of repaying the loan. One of the Council's LOBO providers, Barclays, has waived their right to change the rate on their LOBO. This essentially converted that loan into a standard fixed rate loan with no risk of any increase in rate. The Council's current LOBO and bank loan portfolio is as follows:

Principal (£m)	Lender	Current Rate (%)	Start Date	Maturity Date	Loan Type
5	Just Retirement Ltd	4.65	27/01/2003	27/01/2043	LOBO
10	KBC	4.375	09/04/2003	09/04/2043	LOBO
5	Dexia	4.5	16/12/2004	16/12/2054	LOBO
10	Barclays	3.8	23/11/2005	23/11/2065	Fixed
10	Dexia	4.31	03/08/2007	03/08/2077	LOBO

- 3.6 The mixture of fixed and variable rates means that, although the Council can take some advantage when base rates are considered attractive, interest charges are not subject to high volatility which might occur if all debt was variable. However, longer term fixed rates are normally higher than variable rates.



3.10 Short term borrowing and lending are used to support cash flow fluctuations caused by uneven income and expenditure, and to temporarily finance capital expenditure when long term rates are high and expected to fall. It is an extremely important aspect of Treasury Management to ensure that funds are available to meet the Council's commitments, and that temporary surplus funds attract the best available rates of interest.

#### **4. INTEREST RATES**

4.1 Interest rates (both long term and short term) vary constantly, even though headline rates (e.g. base rate, mortgage rate) may remain the same for months at a time.

4.2 In addition, different banks may pay different rates depending on their need for funds, and more particularly their credit status. Rates for borrowing are significantly higher than lending for the same period.

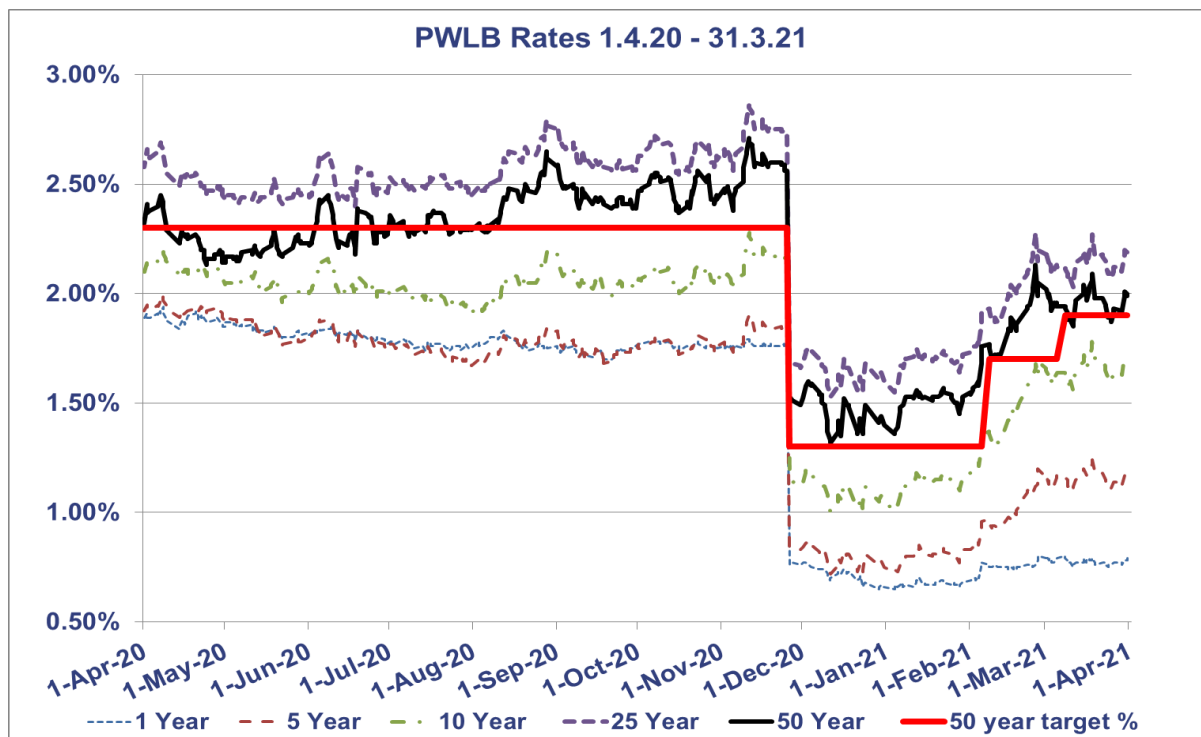
4.3 Long term interest rates are based on Government securities (Gilts), which are potentially volatile with rates changing every day, throughout the day. PWLB fixed loan rates are changed on a daily basis. In view of this, gilts and all matters which affect their prices are continually reviewed.

4.4 Investment returns, which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. The expectation for interest rates within the Treasury Management Strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic from March 2020, which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

4.5 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

4.6 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

4.7 The table shown below (published by Link) shows the comparative Public Works Loan Board interest rates available during 2020/21, for a range of maturity periods.



## 5. ACTIVITIES 2020/21

### Borrowing

- 5.1 The Council is able to borrow in order to finance capital expenditure that is not funded by other means such as grants and contributions. The Council has elected not to fully take up this borrowing due to unfavourable differences between borrowing and investment rates alongside existing large cash balances.
- 5.2 The amount of long term borrowing which was required due to Council activity was £63.866m as outlined below: -

	£m
Loan financed capital expenditure:	
Spend not Financed 20/21	19.725
Outstanding from prior years	48.063
plus debt maturing in year	0.350
Less MRP repayments (excl. PFI)	(4.272)
<b>Net Borrowing requirement</b>	<b>63.866</b>
Less Borrowing taken up in year	(10.000)
<b>Net Under-borrowed position</b>	<b>53.866</b>

- 5.3 Due to the unfavourable differences between borrowing rates and investment rates, and also to reduce the risk to the Council from investment security concerns, the Council's recent policy has been to meet the borrowing requirement from internal borrowing (i.e. reducing the cash balances rather than taking up additional external borrowing). This has reduced the level of investment balances that placed with banks and financial institutions, therefore reducing the Council's exposure to credit risk. In November 2020, due to favourable interest rates and a prudent approach to guarding against COVID related cash pressures, £10m of temporary (12 months) borrowing was taken up.

5.4 The outstanding borrowing requirement of £53.866m will be taken up when both interest rates and investment security are deemed to be favourable, in consultation with the Council's treasury management advisors, Link. The need to borrow could be accelerated by the reduction of the Council's reserves due to cost pressures and other planned use. This situation, along with the interest rate environment, will be monitored closely to ensure borrowing is taken up at the optimum time.

### Rescheduling

5.5 Rescheduling involves the early repayment and re-borrowing of longer term PWLB loans, or converting fixed rate loans to variable and vice versa. This can involve paying a premium or receiving a discount, but is intended to reduce the overall interest burden, since the replacement loan (or reduction of investment) is normally borrowed at a lower interest rate.

5.6 The use of rescheduling is a valuable tool for the Council, but its success depends on the frequent movement of interest rates, and therefore it cannot be estimated for. It will continue to be used when suitable opportunities arise, in consultation with our treasury management advisors, although such opportunities may not occur.

5.7 No rescheduling was done during this year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

5.8 The Section 151 Officer and the Council's treasury management advisors will continue to monitor prevailing rates for any opportunities to reschedule debt during the year.

### Year end position

5.9 The following table sets out the position of the Council's debt at 1 April 2020, the net movement for the year, and the final position at 31 March 2021.

	<b>Debt Outstanding 01/04/20</b>	<b>Cash Movement in Year</b>	<b>Debt O/S 31/03/21</b>
<b>Principal Amounts</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PWLB - fixed interest	100,809	(350)	100,459
PWLB - variable interest	0		0
Market Loans	40,000	10,000	50,000
* Manchester Airport	550		550
Temp Loans / (Investments)	(131,165)	44,945	(86,220)
Trust Funds, Contractor Deposits etc.	151	2	153
<b>Net loans outstanding</b>	<b>10,345</b>	<b>54,597</b>	<b>64,942</b>

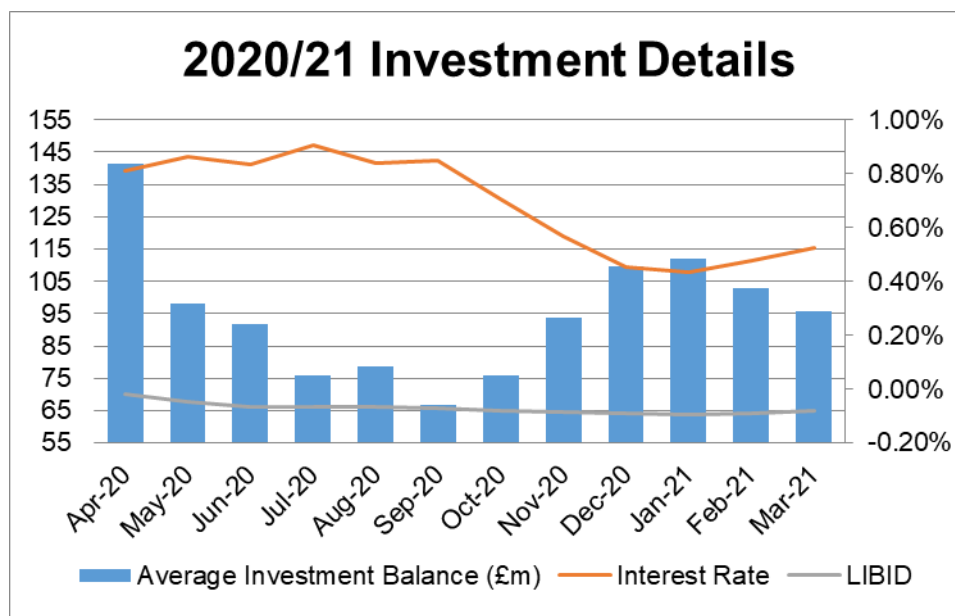
5.10 The amount of gross external loans outstanding (£151.0m) represents 26% of the Council's total long term assets (£590.4m) as at 31 March 2021.

5.11 In addition, the Council temporarily utilised internal funds, balances and reserves including Insurance Funds and capital reserves, to finance capital expenditure rather than borrow externally.

*\* Manchester Airport reflects debt taken over from Manchester City Council on 31 March 1994, which had been lent on to Manchester Airport. In 2009/10 the Airport re-negotiated the terms of this arrangement with the 10 Greater Manchester Authorities; previously the Airport reimbursed all costs, however from 9 February 2010 the Council receives fixed annual interest of 12% of the amount outstanding at that date (£8.667m). This is on a maturity basis and is due to be repaid in 2055. The underlying debt, shown above, is due to mature in 2027.*

## Investments – managing cash flow

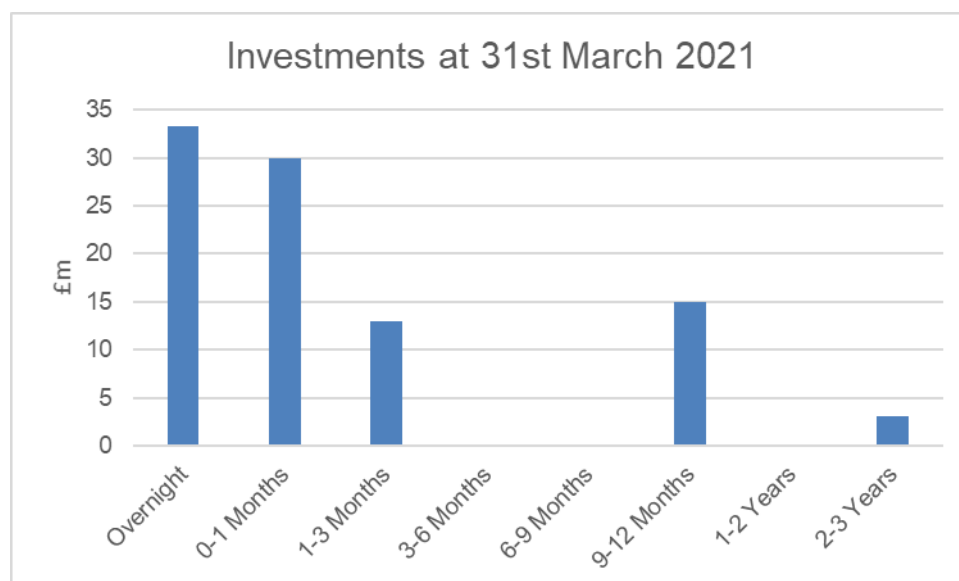
- 5.12 Short term cash flow activity was such that throughout the year the Council was always in a positive investment position. Since interest earned on credit balances with our own bankers is low, and overdraft rates are high, investment and borrowing is carried out through the London Money Markets. The Council invests large sums of money, which helps ensure the interest rates earned are competitive. The following table shows the average investment balances by month, along with the interest rate earned and the LIBID benchmark for comparison.



- 5.13 The Local Government Act 2003 governs investments made by local authorities. The types of investments that may be made are controlled by guidance from the Department for Communities and Local Government. This guidance has split investments into two main categories – specified and non-specified investments.
- 5.14 Specified investments consist mainly of deposits with very highly rated financial institutions and other local authorities for periods of less than one year. The Council’s approved “Annual Investment Strategy” for 2020/21 stated that at least 50% of investments would be “specified”.
- 5.15 The Council’s counterparty list mirrors that of the Council’s advisors, Link Asset Services. The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system; it does not give undue preponderance to just one agency’s ratings.
- 5.16 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 5.17 All investments placed in the year were in line with the approved strategy. Within this low risk strategy, the aim is to maximise the rate of return for the investments. In order to gauge whether the performance is satisfactory, it is necessary to compare it with a suitable benchmark. The normal benchmarks used to measure market rates are 7 day London Interbank Offer Rate (LIBOR) for loans, and 7 day London Interbank Bid Rate (LIBID) for investments. The actual returns for loans and investments were therefore measured against the theoretical performance of the above rates, using actual cash flow figures.
- 5.18 Tameside achieved an average investment rate of 0.69% on the average weekly

investment of £95.2m, against a benchmark LIBID rate of (0.07%). This equated to a gain of £0.724m. Gains, such as this, can only be made by strategic investment, where interest rates do not follow the general “market” expectations. In effect, some investments were made for longer durations, attracting higher interest rates, while the shorter dated rates did not increase in line with market pricing.

- 5.19 The annual turnover for investments was £490m. A total of 124 individual investments were made, 9 of which were fixed term deals with banks and other Local Authorities.
- 5.20 As at 31 March 2021 the total investment portfolio was £94.3m. This consisted of £33.3m of Money Market Fund investments and £61m of fixed investments. The weighted average rate of the entire portfolio at 31 March was 0.54%. The maturity profile of the investments was as follows:



#### Interest payable and receivable in the year

- 5.21 As detailed above, the £63.866m borrowing requirement has been reduced by £10m of borrowing taken up in year with the remainder met from internal borrowing. This has reduced the level of investment balances placed with banks and financial institutions.
- 5.22 The overall result of the various activities undertaken during the year was that net interest charge was £0.589m less than the original estimate.
- 5.23 Interest payments associated with the above activities were:-

	Budget	Actual	Variation
	£m	£m	£m
<b>External Interest</b>			
Paid on Loans etc	5.962	5.753	(0.209)
Less received on Investments	(1.670)	(1.866)	(0.196)
<b>Net external Interest paid</b>	<b>4.292</b>	<b>3.887</b>	<b>(0.405)</b>
Internal Interest Paid	0.200	0.016	(0.184)
<b>Total Interest Paid</b>	<b>4.492</b>	<b>3.903</b>	<b>(0.589)</b>

- 5.24 Accounting rules do not allow interest to be paid on internal funds and revenue balances. Payments however are made in respect of such funds as insurance and trust funds etc. held by the Council on behalf of external bodies. The net effect on the Council is neutral.

## **6. CURRENT ACTIVITIES**

- 6.1 Since the start of the 2020/21 financial year, no new rescheduling opportunities have been identified. The portfolio of loans held by the Council is reviewed on a regular basis by both the Treasury Management Section and by the Council's treasury management advisors (Link Asset Services).
- 6.2 In the 2017/18 Strategy, the Council expanded its counterparty list to include asset backed investments. No investments of this nature have been made to date.

### **Manchester Airport**

- 6.3 The Council has an historic 3.22% shareholding in Manchester Airport Group. This shareholding has been valued at £32m as at 31 March 2021. Prior to the COVID-19 pandemic, the Council was receiving significant dividend income from this investment (£6.4m in 2019) which was a key item in the Council's Medium Term Financial Strategy.
- 6.4 In recent years, further additional investment in Manchester Airport has been approved:
- 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 funded from reserves. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget.
  - In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport funded by prudential borrowing. The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment). It was originally envisaged that this income would begin to be received from 2021/21 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector
  - In July 2020, the In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, which will be funded by prudential borrowing. The loan is intended to provide financial stability to Manchester Airport Group and ensure it is best-placed to react and rebuild business operations as Covid restrictions are lifted. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum.
- 6.5 The COVID-19 pandemic has had a significant impact on the Aviation Industry. Whilst the expectation is that interest on loans and investments will continue to be accrued, the annual dividend is not expected to be payable for a number of years, placing a £6.4m pressure on the revenue budget.

## **7. GREATER MANCHETSER METROPOLITAN DEBT ADMINISTRATION FUND (GMMDAF) ACTIVITIES**

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

- 7.2 The GMMDAF incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. However, further loans are taken out to replace loans that mature during the year. In addition, short term loans and investments are required to optimise the cashflow position, due to the difference in timing between receiving payments from the ten district councils and making loan and interest payments to the PWLB etc. Like the Council, rescheduling opportunities are taken if the right conditions exist.
- 7.3 During 2020/21 the debt outstanding reduced by £19.518m. The debt will be fully repaid by 31 March 2022.
- 7.4 The following table sets out the position at 1 April 2020, the net repayments and the final position at 31 March 2021.

<b>Principal Amounts</b>	<b>Debt O/S 01/04/20</b>	<b>Movement in year</b>	<b>Debt O/S 31/03/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
PWLB	38,963	(13,100)	25,863
Pre 1974 Transferred Debt	96	(30)	66
Temp Loans / (Investments)	66	(6,111)	(6,045)
Other Balances	1,173	(277)	896
	<b>40,298</b>	<b>(19,518)</b>	<b>20,780</b>

- 7.5 No long term borrowing was required for 2020/21. The timing of any future borrowing will be carried out in consultation with our treasury management advisors, when interest rates are deemed favourable. However, it is unlikely that any long term borrowing will be taken up due to the limited remaining duration of the fund.
- 7.6 Although the portfolio of loans held by the Fund is reviewed on a regular basis by both Treasury Management officers and by the Council's treasury management advisors, Link Asset Services, no rescheduling opportunities were identified in 2020/21. Rescheduling will continue to be used when suitable opportunities arise, however long term borrowing is restricted by the end date of the Fund (2022), which has meant that it is difficult to reschedule debt in the present interest rate yield curve.
- 7.7 During the year, the fund made overall interest payments of £2.608m. This equated to an average "pool rate" of 6.47%, against the original estimate of 6.50%, and compares with 5.65% in 2019/20.
- 7.8 Manchester Airport re-negotiated the terms of its loan arrangement with the 10 Greater Manchester Councils in 2009/10. As a result of this arrangement the 10 Councils took responsibility to service the former Manchester Airport share of the GMMDAF. Previously the debt was serviced by the airport itself.

## **8. PRUDENTIAL LIMITS**

- 8.1 At the start of the financial year the Council sets Prudential Indicators and limits in respect of Capital expenditure and borrowing. The outturn position for the Prudential Indicators are shown at **Appendix A**. Prudential indicators do not provide an effective comparative tool between Local Authorities, and therefore should not be used for this purpose.

## **9. RECOMMENDATIONS**

- 9.1 As set out on the front of the report.

Prudential Indicators – Actual outturn 2020/21

1. Ratio of Financing Costs to Net Revenue Stream

Limit/Indicator	Limit	Actual
	%	%
Ratio of financing costs to net revenue stream	4.6	4.5

- This ratio represents the total of all financing costs e.g. interest payable and minimum revenue provision (MRP) that are charged to the revenue budget as a percentage of the amount to be met from Government grants and taxpayers (net revenue stream).

2. Capital Financing Requirement (CFR)

Limit/Indicator	Limit	Actual
	£000	£000
Capital Financing Requirement	191,128	191,128

- The Capital Financing Requirement is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet.
- The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

3. Capital Expenditure

Limit/Indicator	Limit	Actual
	£000	£000
Capital expenditure	79,710	43,593

- This is the total capital expenditure incurred (from all funding sources).

4. Incremental Impact of Capital Investment Decisions

Limit/Indicator	Limit	Actual
	£	£
For the Band D Council Tax	4.24	0.29

- This is the estimate of the net incremental impact of the capital investment decisions, based on the level of borrowing set out in the report and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision), as a cost on Council Tax.
- The actual cost will depend on final funding. For every £1 increase on Band D properties, approximately £0.063m would be raised.

5. Operational Boundary and Authorised Limit on External Debt and Other Long Term Liabilities

Limit/Indicator	Limit	Actual
	£000	£000
Operational Boundary for external debt	202,431	151,160
Authorised Limit for external debt	222,431	151,160

- The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.
- The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.
- These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

6. Upper and lower limits on Interest Rate Exposures

Limit/Indicator	Limit	Actual
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	£000	£000
Upper limit for fixed interest rate exposure	191,128	59,834
Upper limit for variable interest rate exposure	63,709	(64,115)

- These limits are in respect of our exposure to the effects of changes in interest rates.
- The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments).

#### 7. Upper Limit for Total Principal Sums Invested for Over 364 Days

Limit/Indicator	Limit	Actual
	£000	£000
Upper limit for sums invested over 364 days	30,000	3,000



- This limit is in respect of treasury investments made for a duration longer than one year.

#### 8. Maturity structure for fixed rate borrowing

Indicator	Limit	Outturn
Under 12 months	0% to 15%	6.87%
12 months and within 24 months	0% to 15%	0.81%
24 months and within 5 years	0% to 30%	2.25%
5 years and within 10 years	0% to 40%	2.35%
10 years and above	50% to 100%	87.73%

- This indicator is in respect of all of the Council's fixed rate borrowing with PWLB or other market lenders.

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<b>Report to:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance
<b>Subject:</b>	<b>DRAFT STATEMENT OF ACCOUNTS 2020/21</b>
<b>Report Summary:</b>	This report presents the draft Statement of Accounts for 2020/21. The draft accounts are subject to audit, with the audit due for completion and sign off before 30 September 2021. The audited statement of accounts will be presented to the Audit Panel at the September 2021 meeting for approval.
<b>Recommendations:</b>	The Panel is asked to note the draft Statement of Accounts and the timescales for completion of the audit.
<b>Corporate Plan:</b>	The Corporate Plan helps determine the priorities for Council spending, which is summarised in the 2020/21 accounts.
<b>Policy Implications:</b>	There are no wider policy implications arising from this report.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Statement of Accounts 2020/21 provide full details of the Council's financial position at 31 March 2021 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards. The Council is required to prepare draft financial statements for 2020/21 by 31 July 2021. These draft financial statements will now be subject to external audit and audited statements approved by 30 September 2021.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	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.
<b>Risk Management:</b>	The external audit provides external verification of the Council's financial statements. By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.
<b>Background Information:</b>	The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner  Telephone: 0161 342 2929  e-mail: <a href="mailto:heather.green@tameside.gov.uk">heather.green@tameside.gov.uk</a>

## **1 INTRODUCTION**

- 1.1 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this will be completed before the draft statements are formally published on the Council's website. External Audit have commenced their work on the draft statements and are expected to report to Audit Panel in September 2021.
- 1.2 The Statement of Accounts 2020/21 provide full details of the Council's financial position at 31 March 2021 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which is based on International Financial Reporting Standards. **Appendix 1** provides an overview of the form and content of the Council's financial statements. The full financial statements, including the statements for the Greater Manchester Pension Fund, are included in **Appendix 2**.

## **2 UPDATES TO THE 2020/21 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING**

- 2.1 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2020/21. In undertaking this assessment a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements. The draft accounting policies for 2020/21 were presented to the Audit Panel in March 2021.
- 2.2 There are no substantive changes to the accounting standards or Code of Practice on Local Authority Accounting which impact on the treatment of transactions and balances in the 2020/21 financial statements.

## **3 RECOMMENDATIONS**

- 4.1 As set out on the front of the report.

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# 2020/21 Financial Statements

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## Overview

Audit Panel  
27 July 2021

# Headlines

Small overall surplus on the revenue budget of **£0.102m** but some significant variations in services

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Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Adults	39,339	38,509	830	3,925	(3,095)
Children's Services - Social Care	53,998	56,964	(2,966)	0	(2,966)
Education	6,407	6,585	(178)	(465)	287
Population Health	15,619	14,453	1,166	1,153	13
Operations and Neighbourhoods	52,921	53,584	(662)	(726)	64
Growth	8,297	8,572	(275)	390	(665)
Governance	9,524	9,854	(329)	(1,146)	817
Finance & IT	7,630	7,100	530	(21)	551
Quality and Safeguarding	141	104	37	0	37
Capital and Financing	3,447	8,719	(5,272)	(7,308)	2,036
Contingency	2,772	795	1,976	(694)	2,670
Contingency - COVID Costs	0	32,488	(32,488)	(32,488)	0
Corporate Costs	5,184	4,864	321	(33)	354
LA COVID-19 Grant Funding	0	(26,615)	26,615	26,615	0
Other COVID contributions	0	(10,798)	10,798	10,798	0
<b>TOTAL</b>	<b>205,279</b>	<b>205,177</b>	<b>102</b>	<b>0</b>	<b>102</b>

# Headlines

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- Overall net assets of the Council have decreased by £110.050m – mainly due to an increase in long term liabilities relating to Pensions.
- Earmarked reserves have increased overall but this is only temporary. Balances at 31 March includes significant sums of capital and COVID grant funding that has already been spent or committed in 2021/22.
- Significant deficit on the Collection Fund due to additional COVID reliefs to Businesses. This deficit needs to be repaid from additional grant funding reflected in reserves at 31 March 2021.
- Significant COVID grants transacted during 2020/21.

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# Narrative Report

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- Provides an overall explanation of the Council's financial position, including major influences affecting the accounts, and to enable readers to understand and interpret the accounting statements.
- Summary of Revenue and Capital Outturn position
- Explanation of significant transactions and balances in the financial statements

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# CIES – Comprehensive Income and Expenditure Statement

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Income and expenditure in accordance with proper accounting practice:

- **Deficit** on the provision of services £21.914m – Note 1 reconciles between amounts reported to management and the CIES
- Overall **deficit** on CIES £110.050m – represents the total movement in (useable and unusable) reserves (MIRS)

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

*\*Note that Corporate Costs includes expenditure incurred as a direct result of COVID and funded from COVID grants*

# Note 1 – Expenditure and Funding Analysis

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

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<b>(£0.103m)</b>	<b>Surplus reported in revenue outturn report</b>
<b>£22.016m</b>	<b>Net additional expenditure charge to CIES on an accounting basis</b>
<b>£21.914m</b>	<b>Deficit on the provision of services in the CIES</b>

# Note 1 – Expenditure and Funding Analysis

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The £22.016m net additional expenditure in the CIES on an accounting basis includes:

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

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# Movement in reserves statement (MIRS)

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Reconciles the movements on the usable and unusable reserves:

- General Fund Balance – reflects risk assessment approved by Full Council in February 2020
- Schools Balances (ring-fenced)
- Earmarked reserves have increased temporarily – detail of reserves and movements in note 11
- Capital Receipts used to fund capital expenditure
- Grants & contributions for specific purposes
- Unusable Reserves - for accounting adjustments

# Reserves

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

- Unspent grants and contributions inflated by COVID grant monies received in 2020/21 but spent in 2021/22.
- Collection Fund Reserve balance is committed to fund the NNDR deficit on the Collection Fund and to support the Revenue budget over the next four years.
- £43m of COVID related grants in reserves already spent or committed in 2021/22

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

# Balance Sheet

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

- Non Current Assets include physical assets, long term debtors and investments.
- Property, Plant and Equipment has increased in value – this is a net figure and includes £25m of additions (Capital Expenditure), £9m of disposals or de-recognition of assets, £12m of revaluation gains and £13m depreciation
- The actuarial valuation of the Council's Local government Pension Scheme liabilities has increased from £278m to £372m at 31 March 2021

# Pension Liability

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The Pension Liability reflects the actuarial estimate of future liabilities to pay pensions. The estimate is highly sensitive to small changes in assumptions.

The value of Tameside's share of net assets has increased from £684m to £845m but at the same time the estimated value of liabilities has also increased significantly:

- Salary inflation increased by 0.90% = approx. 23m increase in liabilities
- Pension inflation increased 0.95% = approx. 234m increase in liabilities
- Discount rate reduced by 0.3% = approx. £87m increase in liabilities

# Balance Sheet

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

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

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

- Creditors have increased as a result of significant grant monies held on behalf of Government.



# COVID grant accounting

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During 2020/21 the Council has administered a significant number of Covid-19 grant schemes for business on behalf of Government, in addition to a number of general and specific grants to support the impact and response to COVID-19.

As part of the preparation of the Council's 2020/21 Statement of Accounts, the Council has had to determine the accounting treatment for these grants, including consideration of whether the Council was operating as 'principal' or as an 'agent' of Government.

# COVID grant accounting

Agent	Principal
<p>Where the Council is acting as an intermediary or a distribution point for grant monies, with no control over the amount of grant allocated to a recipient</p>	<p>Where the Council is acting on its own behalf, and has control over the amount of grant awarded, or how the grant is to be spent</p>
<p>Income and expenditure relating to the grant is not included in the Comprehensive Income and Expenditure Statement.</p> <ul style="list-style-type: none"> <li>Any balances of grant that have not been distributed at 31 March 2021 are reflected in the balance sheet as creditors owed back to Government</li> </ul>	<ul style="list-style-type: none"> <li>Income and expenditure relating to the grant is reflected in the Comprehensive Income and Expenditure Statement.</li> <li>Any unspent balances of grant are either held in reserves, or where repayable to Government, held on the balance sheet as creditors</li> </ul>

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# COVID grant accounting

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	Grant received £000	Council as Principal £000	Council as Agent £000	Expenditure 2020/21 £000	Balance 31 March 2021 £000
<b>Covid Grants 2020/21</b>					
Council Tax Hardship Grant	(2,158)	(2,158)		2,133	(25)
Income Compensation Grant	(1,481)	(1,481)		1,481	0
Local Restrictions Support Grant	(2,027)	(2,027)		1,748	(278)
Local Authority Support Grant	(13,804)	(13,804)		9,729	(4,075)
Local Authority Discretionary Grant Fund	(2,469)	(2,469)		2,299	(170)
Business Support Grant	(45,095)		(45,095)	45,095	0
Local Restrictions Support Grant (closed) Addendum	(10,879)		(10,879)	7,327	(3,552)
Local Restrictions Support Grant (closed)	(1,251)		(1,251)	935	(316)
Christmas Support Payment	(211)		(211)	106	(105)
Closed Businesses Lockdown Payment	(14,095)		(14,095)	5,509	(8,586)
Additional Restrictions Grant	(6,803)	(6,803)		3,772	(3,032)
Test and Trace Support Payments Grant	(1,024)	(612)	(412)	585	(439)
Local Authority Compliance and Enforcement Grant	(146)	(146)		146	0
Emergency Assistance Grant for Food and Essential Supplies	(332)	(332)		183	(149)
Test and Trace Support Grant	(1,420)	(1,420)		133	(1,287)
Winter Grant Scheme	(1,125)	(1,125)		1,125	0
Contain Outbreak Management Fund	(6,415)	(6,415)		2,416	(4,000)
Asymptomatic Testing Sites	(211)	(211)		211	0
Community Champions LA Fund	(368)	(368)		1	(367)
Clinically Extremely Vulnerable Funding	(307)	(307)		24	(283)
Infection Control Fund Grant	(4,262)	(3,834)	(428)	4,130	(132)
Rapid Testing Fund	(526)	(105)	(421)	526	0
Workforce Capacity Fund	(577)	(577)		569	(8)
Catch Up Premium	(911)	(911)		870	(41)
	<b>(117,897)</b>	<b>(45,105)</b>	<b>(72,792)</b>	<b>91,052</b>	<b>(26,845)</b>

# Collection Fund

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- Collection Fund balances at 31 March 2021 are a £1.903m surplus relating to Council Tax (£6.640m surplus in 2019/20) and a £32.029m deficit on NNDR (£2.489m deficit in 2019/20).
- The deficit on the NNDR side of the collection fund will be funded from £29m of additional section 31 grant (currently held in earmarked reserves) and from amounts set aside in the 2021/22 budget

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# Tameside MBC

## Statement of Accounts

2020/21

*DRAFT Subject to audit*

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***DRAFT Statement of Accounts 2020-21 – These accounts have not yet been subject to audit. The External Auditor’s report will be inserted here on completion of the audit.***

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***DRAFT Statement of Accounts 2020-21 – These accounts have not yet been subject to audit. The External Auditor's report will be inserted here on completion of the audit***



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***DRAFT Statement of Accounts 2020-21 – These accounts have not yet been subject to audit. The External Auditor’s report will be inserted here on completion of the audit.***

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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.

## **1) Executive Summary**

The following pages present the Council's accounts for the financial year ended 31 March 2021. 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 2020/21;**
- 5) Financial Strategy: Outlook for 2021/22 and future years;**
- 6) The Financial Statements: basis of preparation, purpose and summary; and**
- 7) Significant transactions in 2020/21.**

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 2020/21 are required to be published by 31 July 2021 at the very latest, with a target for publication of the audited financial statements by 30 September 2021.

### **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 vulnerable 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. During 2020/21 the Council has incurred significant additional direct and indirect costs as a result of the COVID-19 pandemic. Significant grant funding has been received both for targeted direct interventions and support, and to provide more general financial support. The financial and economic impacts of the pandemic are expected to continue into 2021/22 and beyond, and whilst financial support in 2020/21 enabled the Council to achieved a balanced outturn position, significant financial pressures remain in 2021/22 and future years.

**Table 1: COVID related costs 2020/21**

<b>Service</b>	<b>Direct £000</b>	<b>Indirect £000</b>	<b>Total £000</b>
Adults	9,381	(3,925)	<b>5,456</b>
Children's Services	252	0	<b>252</b>
Education	76	465	<b>541</b>
Schools	0	0	<b>0</b>
Population Health	4,059	(1,153)	<b>2,906</b>
Operations and Neighbourhoods	1,946	580	<b>2,526</b>
Growth	86	(390)	<b>(304)</b>
Governance	279	1,146	<b>1,425</b>
Finance and IT	81	21	<b>102</b>
Quality and Safeguarding	0	0	<b>0</b>
Capital and Financing	0	7,308	<b>7,308</b>
Contingency	0	695	<b>695</b>
Corporate Costs	523	33	<b>556</b>
Council Tax Hardship Grant	2,158	0	<b>2,158</b>
Local Authority Discretionary Grant Fund	2,299	0	<b>2,299</b>
Local Restrictions Support Grant (Open)	1,749	0	<b>1,749</b>
Additional Restrictions Grant	3,772	0	<b>3,772</b>
Test and Trace Support Payments	89	0	<b>89</b>
Emergency Assistance Grant	183	0	<b>183</b>
Compliance and Enforcement Grant	146	0	<b>146</b>
Winter Grant Scheme	1,125	0	<b>1,125</b>
Test and Trace Support Grant	153	0	<b>153</b>
Contain Outbreak Management Fund	2,416	0	<b>2,416</b>
Infection Control Fund	428	0	<b>428</b>
Asymptomatic Testing Sites	211	0	<b>211</b>
Rapid Testing Fund	105	0	<b>105</b>
Community Champions	1	0	<b>1</b>
Workforce Capacity Fund	569	0	<b>569</b>
Clinically Extremely Vulnerable	24	0	<b>24</b>
Discharge to Assess Payments	524	0	<b>524</b>
<b>Total</b>	<b>32,634</b>	<b>4,780</b>	<b>37,414</b>

Government grant funding in 2020/21 has enabled the Council to provide targeted support and interventions to manage and contain infection rates, and support those impacted most significantly by the pandemic. Grants received in 2020/21 have enabled the Council to cover the direct costs of the pandemic, and funding carried forward will be utilised for ongoing support and intervention during 2021/22 and beyond. Funding and contributions received in 2020/21 is as follows:

**Table 2: COVID related funding 2020/21**

<b>COVID-19 Grant Funding and other Contributions</b>	<b>Amount Received £000</b>	<b>Amount Spent £000</b>	<b>Balance £000</b>
Local Authority Support Grant	21,451	9,728	11,723
Income Compensation Grant**	986	1,481	(495)
Council Tax Hardship Grant	2,158	2,158	0
Local Authority Discretionary Grant Fund	2,469	2,299	170
Local Restrictions Support Grant (Open)	2,027	1,749	278
Additional Restrictions Grant	6,804	3,772	3,032
Test and Trace Support Payments Grant	454	89	365
Emergency Assistance Grant**	0	183	(183)
Compliance and Enforcement Grant	146	146	0
Winter Grant Scheme**	671	1,125	(454)
Test and Trace Service Support Grant	1,420	132	1,288
Contain Outbreak Management Fund	6,415	2,416	3,999
Infection Control Fund Grant	428	428	0
Asymptomatic Testing Sites**	0	211	(211)
Community Champions	368	1	367
Rapid Testing Fund	105	105	0
Workforce Capacity Fund	577	569	8
Clinically Extremely Vulnerable Funding	307	24	283
Other COVID-19 contributions	10,798	10,798	0
<b>Totals</b>	<b>57,583</b>	<b>37,414</b>	<b>20,169</b>

\*\* Grants claimed in arrears. Negative balance reflects cash not yet received from Government Departments.

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## 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](http://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](http://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.

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### 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 context.

#### 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 2019 show that Tameside had a total estimated population of 226,493. Within Tameside's population:

- 45,761 were aged 0-15 years (20.20% of Tameside's population);
- 140,706 were aged 16-64 (62.12% of Tameside's population); and
- 40,026 were aged 65 or over (17.67% of Tameside's population).

Tameside has a slightly higher proportion of residents aged under 16 (20.20% compared to 19.22% England overall) and fewer people aged 65 or over (17.67% compared to 18.39% 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;<sup>[1]</sup>
- 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).

#### 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

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



- 
- 69.4% of school children (65.1% of boys and 73.5% of girls) in Tameside achieved a standard 9-4 pass in English and Maths at GCSE level in 2020 compared to 71.2% nationally (67.6% of boys and 75% of girls).

## Economy

- The median annual income for a full time worker in Tameside in 2020 was £25,643. This is lower than both the North West median of £29,700 and England of £31,766<sup>[2]</sup>;
- The claimant count as a proportion of the working age population in Tameside in April 2021 was 7.8% (an increase of 1,400 people from April 2020). 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<sup>[3]</sup>.
- 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 7,772 business addresses, with a combined rateable valuation of over £148.9 million at 1 April 2021.

## Housing

- There are 103,441 dwellings on the council tax base in Tameside as of September 2020.
- 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 2019 Sub-Regional Fuel Poverty Data, 14.7% of Tameside households are in fuel poverty.

## Health

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

Public Health England statistics state that healthy life expectancy at birth is currently 58.7 years for females and 61.9 years for males in Tameside. This is significantly lower than the England average of 63.5 years for females and 63.2 years for males.

Life expectancy locally is 1.9 years lower for females and 8.1 years lower for males in the most deprived areas of Tameside compared to the least deprived areas. Life expectancy at birth is currently 80.6 years for females and 77.5 years for males in Tameside. This is lower than the England average of 83.4 years for females and 79.8 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.

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<sup>[2]</sup> 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.

<sup>[3]</sup> 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.

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## 4) The Year in Review: Financial Performance in 2020/21

### REVENUE BUDGET

In February and March 2020, the Strategic Commission agreed 2020/21 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, with significant savings targets which needed to be delivered to achieve a balanced position by 31 March 2021.

During 2020/21, 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.

**Table 3A: Integrated Commission Revenue Outturn Position 2020/21**

Outturn Position £000's	Outturn Position				
	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance
CCG Expenditure	450,608	0	450,608	450,608	0
TMBC Expenditure	538,292	(333,013)	205,279	205,177	102
<b>Integrated Commissioning Fund</b>	<b>988,901</b>	<b>(333,013)</b>	<b>655,887</b>	<b>655,785</b>	<b>102</b>

At the end of an unusual and challenging financial year the Strategic Commission has spent £655,785k, against a net 2020/21 budget of £655,887k. This is a broadly balanced position, with a small underspend of £102k on Council Budgets. Following receipt of final allocation adjustments on 23 April the CCG are reporting an in-year break even position. Given the significant pressures and challenges that have been faced over the last 12 months, this position is a significant achievement. 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 grant 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 £2.966m in excess of budget. This and other pressures will continue into 2021/22.

**Table 3B: Integrated Commission Revenue Outturn Position by Directorate 2020/21**

Outturn Position £000's	Outturn Position				
	Expenditure Budget	Income Budget	Net Budget	Net Outturn	Net Variance
Acute	218,381	0	218,381	218,287	94
Mental Health	45,225	0	45,225	45,049	177
Primary Care	92,451	0	92,451	92,904	(453)
Continuing Care	14,521	0	14,521	14,731	(210)
Community	40,298	0	40,298	40,514	(215)
Other CCG	35,191	0	35,191	34,653	539
CCG TEP Shortfall (QIPP)	0	0	0	0	0
CCG Running Costs	4,541	0	4,541	4,471	70
Anticipated COVID Top Up	0	0	0	0	0
Adults	85,935	(46,596)	39,339	38,509	830
Children's Services - Social Care	64,286	(10,288)	53,998	56,964	(2,966)
Education	31,730	(25,322)	6,407	6,585	(178)
Individual Schools Budgets	118,592	(118,592)	0	0	(0)
Population Health	15,910	(291)	15,619	14,453	1,166
Operations and Neighbourhoods	80,504	(27,583)	52,921	53,584	(662)
Growth	42,834	(34,537)	8,297	8,572	(275)
Governance	67,260	(57,735)	9,524	9,854	(329)
Finance & IT	9,537	(1,907)	7,630	7,100	530
Quality and Safeguarding	378	(237)	141	104	37
Capital and Financing	13,070	(9,624)	3,447	8,719	(5,272)
Contingency	2,772	0	2,772	795	1,976
Contingency - COVID Costs	0	0	0	32,488	(32,488)
Corporate Costs	5,486	(301)	5,184	4,864	321
LA COVID-19 Grant Funding	0	0	0	(26,615)	26,615
Other COVID contributions	0	0	0	(10,798)	10,798
<b>Integrated Commissioning Fund</b>	<b>988,901</b>	<b>(333,013)</b>	<b>655,887</b>	<b>655,785</b>	<b>102</b>

COVID continues to place a significant operational strain on the system, while the longer-term financial outlook is a cause for concern as we contend with the aftermath of the pandemic at the same time as addressing an underlying financial deficit. The financial impacts of COVID have been addressed with significant one-off funding during 2020/21, and whilst some further additional funding is available to the Council in 2021/22 for ongoing COVID pressures, this is one-off in nature. The longer-term impacts of COVID, uncertainty over future local government funding, and a lack of clarity over future operational arrangements for the CCG, present significant barriers to sustainable financial planning.

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 surplus of £0.102m 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

**Table 4: Collection Fund Outturn 2020/21**

31 March 2021	BUDGET £000s			OUTTURN £000s		
	Council Tax	NDR	TOTAL	Council Tax	NDR	TOTAL
<b>Income</b>						
Income from Council Tax	(118,037)		<b>(118,037)</b>	(115,825)		(115,825)
Council Tax Support Grant			<b>0</b>	(2,133)		(2,133)
Income from NDR		(59,392)	<b>(59,392)</b>		(27,386)	(27,386)
<b>Total Income</b>	<b>(118,037)</b>	<b>(59,392)</b>	<b>(177,429)</b>	<b>(117,958)</b>	<b>(27,386)</b>	<b>(145,345)</b>
<b>Expenditure</b>						
<u>Council Tax</u>						
The Council*	96,762		<b>96,762</b>	96,762		<b>96,762</b>
Mayoral Police and Crime Commissioner	13,187		<b>13,187</b>	13,187		<b>13,187</b>
GM Fire and Rescue Authority	5,758		<b>5,758</b>	5,758		<b>5,758</b>
<u>NDR</u>						
The Council		53,844	<b>53,844</b>		53,844	<b>53,844</b>
GM Fire and Rescue Authority		544	<b>544</b>		544	<b>544</b>
Allowance for cost of collection		285	<b>285</b>		285	<b>285</b>
Transitional Protection Payments		739	<b>739</b>		1,163	<b>1,163</b>
Allowance for non-collection	2,361	1,188	<b>3,549</b>	2,647	1,014	<b>3,661</b>
Provision for appeals		2,791	<b>2,791</b>		2,738	<b>2,738</b>
<u>Surplus/deficit allocated/paid out in year:</u>						
The Council	3,657	(2,636)	<b>1,021</b>	3,657	(2,636)	<b>1,021</b>
Mayoral Police and Crime Commissioner	493		<b>493</b>	493		<b>493</b>
GM Fire and Rescue Authority	191	(27)	<b>164</b>	191	(27)	<b>165</b>
<b>Total Expenditure</b>	<b>122,409</b>	<b>56,728</b>	<b>179,137</b>	<b>122,695</b>	<b>56,927</b>	<b>179,622</b>
<b>(Surplus)/deficit for the year</b>	<b>4,372</b>	<b>(2,664)</b>	<b>1,708</b>	<b>4,737</b>	<b>29,540</b>	<b>34,277</b>
Balance brought forward	(6,640)	2,489	<b>(4,151)</b>	(6,640)	2,489	<b>(4,151)</b>
(Surplus)/deficit for the year	4,372	(2,664)	<b>1,708</b>	4,737	29,540	<b>34,277</b>
<b>(Surplus)/deficit carried forward</b>	<b>(2,268)</b>	<b>(175)</b>	<b>(2,443)</b>	<b>(1,903)</b>	<b>32,029</b>	<b>30,126</b>
<u>Share of (surplus)/deficit</u>						
The Council	(5,579)	4,240	<b>(1,338)</b>	(1,635)	33,485	<b>31,850</b>
Central Government	0	(1,777)	<b>(1,777)</b>	0	(1,777)	<b>(1,777)</b>
Mayoral Police and Crime Commissioner	(755)	0	<b>(755)</b>	(217)	0	<b>(217)</b>
GM Fire and Rescue Authority	(306)	25	<b>(281)</b>	(50)	320	<b>270</b>
<b>Total (Surplus)/Deficit</b>	<b>(6,640)</b>	<b>2,489</b>	<b>(4,151)</b>	<b>(1,903)</b>	<b>32,029</b>	<b>30,126</b>

The 2020/21 budget forecast a £2.4m surplus on the Collection Fund at 31 March 2021. This assumed collection rates of 98%, no significant increase in the level of appeals on rateable values for business rates, and growth in the Council Tax base as a result of new homes. The outturn position on the Collection Fund is a deficit of £30.126m, which is a net deficit of £32.029m on Business Rates and a £1.903m surplus on Council Tax. Key messages include:

- Collectable Council Tax Income (the Council Tax Net Debit) is £2.212m lower than budget. This is due to a significant increase in reliefs and exemptions awarded to Council Tax Support Claimants, and an increase in empty properties awaiting probate. Most of this shortfall in income is offset by Council Tax COVID Support grant of £2.133m.
- The Allowance for non-collection of Council Tax income has been increased by more than budget to reflect an expectation that collection of Council Tax arrears will be more difficult in the current economic climate.

- Collectable NNDR income is £32.006m less than budget. A significant proportion of this shortfall is due to additional COVID reliefs granted by Government and £28.9m of additional section 31 grant is expected to fund this element of the deficit. The additional section 31 grant is recognised in the general fund and has been taken to reserves to fund the repayment of the deficit in 2021/22. Other losses reflect reduced collection rates and a reduction in the business rates base due to the economic impact of COVID. The Council expects to receive income compensation from Government to cover 75% of the shortfall related to the reduction in the business rates base (compensation is not paid for losses due to reduced collection). Calculations will be based on the final NNDR3 return and grant is expected to be in the region of £2.551m.
- The actual deficit on the Collection Fund is not as high as previously forecast at period 8 and 10 due to collection performance improvements during the last three months of the year. The 2021/22 budget included provision to fund the deficit on the Collection Fund based on the forecast at Month 8. The reduced deficit position will release resources in 2021/22 and future years, and the MTFP and 2021/22 forecast will be revised once final figures for the Income Compensation Scheme have been agreed with Government.

### ADULTS SERVICES

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Adults	39,339	38,509	830	3,925	(3,095)

The net underspend position has arisen due to significant additional income and redirection of resources to address the implications of the COVID pandemic. There is an underlying 'non-covid' pressure of approximately £3m – additional funding has been included in the 2021/22 budget but there remains a risk that pressures will continue to exceed budget.

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 2020/21:

- Despite the current pandemic, services have continued to support people to live independently in their own homes and have maintained all service provision.
- The Support at Home model has been fully rolled out, with home care providers providing approximately 2,000 hours more per week.
- Where individuals have chosen to isolate alternative engagement has been managed via all providers.
- On-going support to all providers, with Public Health to support where there are covid outbreaks – daily contact and Outbreak Control Team Meetings.
- Despite the pandemic the number of people with LD in paid employment has been maintained.
- Daily support with all providers has been maintained through the pandemic.
- A reduction in the number of younger people being placed in out of area residential placements through the supported accommodation programme
- Services were delivered within the allocated budget, though this continues to be supported with additional funding via the improved Better Care Fund (iBCF)
- A further successful winter pressures grants exercise with VCS organisations
- Regular briefings for providers and staff circulated every week.

## CHILDREN'S SERVICES – SOCIAL CARE

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Children's Services - Social Care	53,998	56,964	(2,966)	0	(2,966)

The outturn position of £2,966k over budget is an improvement on the forecast reported at period 11 of £3,682K but remains significantly in excess of budget. The overspend is predominantly due to the number and cost of external placements. As at the end of March the number of Cared for Children was 682 a reduction of 19 from the 701 reported in the previous month.

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.

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### Achievements and successes in 2020/21:

Improvement through 2018/19 was slow, but this picked up in 2019/20. 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 subject to a child protection intervention/ plan, or requiring statutory support as a Child in Need. Unfortunately this has been largely reversed with the advent of Covid and we have seen significantly increased numbers of contacts, referrals and cases held in the statutory system since June 2020, although this has not worked through to impact on the Child Protection or Cared for Children numbers.

Significant progress has though been made in further developing a locality based early help (EH) offer and the role out of Team Around the School with demonstrable impact, including the launch of our EH Access Point and Website. Close working arrangements between our EH services, Education and Schools during Covid has enabled significant numbers of children and families to be promptly and appropriately supported and minimised escalations into statutory services. Significant progress has been made in delivering on the 7 Cared for Children sustainability projects despite the pandemic and most have remain on track.

### EDUCATION AND SCHOOLS

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Education	6,407	6,585	(178)	(465)	287

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 underachievement of income from Education Traded Services, 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 Education Service is responsible for are set out in annex 2 of 'Schools Revenue Funding 2021 to 2022: Operational Guide' available from the Gov.uk website. As outlined in Tameside's Schools Strategy (agreed by Executive Cabinet in August 2018) the Council is committed to 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 2020/21

- Supported all schools to remain open throughout the COVID 19 pandemic, including at least weekly updates for school leaders, weekly planning via our scenario planning group, Public Health and Health and Safety webinars, risk assessment templates and advice, and launching a parent helpline for parents with children with additional needs.
- 85.6% of young people were placed in their 1<sup>st</sup> choice secondary school compared to 82.2% nationally.
- 91.5% of children were placed in their 1<sup>st</sup> choice primary school compared to 90.2% nationally.
- 78% of 2 year olds are benefitting from universal funded early education places despite the coronavirus pandemic closures.
- 100% of Personal Education Plans completed in Summer term 19/20 for our cared for children.
- Education Health Care plans (EHCPs) maintained by Tameside is 1738 in 2021, 1575 in 2020, 1344 in 2019.
- The volume of plans completed in the 2020 calendar year was 299 (2019 – 409, 2018 – 348).
- Timeliness of EHCPs completed in 20 weeks increased to 83% when excluding exceptions (from 49% in 2019 calendar year).
- Over 27,000 supermarket vouchers distributed to families in need eligible for free school meals over October half term, Christmas holidays and February Half Term.
- Closed the gap with national standards by 3% in KS1 Phonics Check.
- Around 15,000 calls made to schools by the SLOs.

## Dedicated Schools Grant (DSG)

The dedicated schools grant is allocated through a nationally determined formula to local authorities in 4 blocks, the position for 2020/21 is outlined below:

- Schools Block - This is intended to fund mainstream (non-special) schools;
- Central Services Schools Block - provided to provide funding to Local Authorities to support carrying out statutory duties on behalf of 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.

The balance of 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 position for 2020/21.

	2019/20 Surplus / (Deficit) £000	2020/21 Surplus / (Deficit) £000
<b>DSG Reserve Brought Forward</b>	<b>3,228</b>	<b>(557)</b>
Schools Block	114	296
Central Service Block		6
In year deficit on High Needs Block	(4,568)	(1,822)
In year surplus on Early Years	251	703
Estimated Early Years 2019-20 Adjustment (TBC June 2020)	296	
Early Years Block 2018-19 Adjustment	122	(18)
Estimated Early Years 2020-21 Adjustment (TBC Nov 2021)	0	(293)
<b>DSG Reserve Closing balance</b>	<b>(557)</b>	<b>(1,686)</b>



In 2019/20 there was a reduction in the reserve, in the main due to an overspend on the High Needs Block. There were contributions to the reserve in year too, the most significant of these being a surplus in the Early Years Block. The 2020/21 cumulative deficit on DSG is £1.686m, mainly as a result of a continued pressure on High Needs. As required by Government regulations the Council has produced a deficit recovery plan which has been submitted to the DfE outlining how we plan to recover this deficit and manage spending over the next 3 years.

## POPULATION HEALTH

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Population Health	15,619	14,453	1,166	1,153	13

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 2020/21:

- Delivery and leadership of COVID-19 response – Containing Covid, outbreak management, testing programme and contact tracing
- Delivery and commissioning of statutory functions for public health
- Recruitment of new strategic lead post around domestic abuse - has introduced new governance process with new DA Steering Group and Operational Group – also have plans throughout 2021/22 to meet our statutory obligations under the DA Bill; conduct in depth finance and needs assessment work; and develop a new Domestic Abuse Strategy for Tameside.
- Secured additional funding for public health programmes including Physical activity (Local Pilot) and Domestic Abuse
- Scaled up tobacco programme with successes in reduced prevalence and smoking in pregnancy
- Lead delivery of the local Maternity Transformation Programme
- Commissioned services working differently due to Covid-19, and taking learning to improve pathways and increased engagement with families
- Improved up take of the Healthy Start Scheme across Tameside.
- Coproduced a new Children and Young People's Emotional and Mental Wellbeing Community Offer
- Performance of drug and alcohol services - embedding the Alcohol Exposed Pregnancy Programme into CGL core service delivery and doubled number of interventions delivered, review of PIPS service and Hidden Harm Needs Assessment completed
- The overall rate of prescribed LARC has seen recent year-on-year increase, several STI diagnoses rates reducing and latest data from 2019 shows overall STI diagnoses in Tameside significantly lower than national average, latest HIV testing coverage data shows significant increase from previous year (2018)
- Ageing Well Nutrition and Hydration programme launched, Ageing in Place, Intergen project and Age Friendly Champions and Social Connectors programme

## OPERATIONS AND NEIGHBOURHOODS

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Operations and Neighbourhoods	52,921	53,584	(662)	(726)	64

The variance against budget in 2020/21 related primarily to income losses on car parks and markets, driven by the economic impact of the COVID-19 pandemic.

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 2020/21:

- Continuation of frontline services throughout Covid-19, including staff redeployment to ensure resilience.
- Establishment of the Covid Compliance Team
- Major changes in service delivery to ensure Covid-19 compliance at all funerals
- Call Centre staff took Covid-19 related calls to help our vulnerable residents access their basic needs
- After initial lockdown successfully re-opened all Libraries in Tameside for face to face services and support digital access for the most vulnerable.
- Opening & operating the Town House – homeless hostel & community hub
- Reducing the number of rough sleepers to zero across the borough
- Introduction of the Council's first core fleet electric vehicles and charging infrastructure
- Delivery of the major capital projects – including structural and highways maintenance projects
- Recycling at a rate of 54%, above the UK average of 48%

## GROWTH

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Growth	8,297	8,572	(275)	390	(665)

The net overspend is due to shortfalls in income, particularly for Estates and Building Control and other cost pressures. Some of this is attributed to the COVID pandemic but there are also underlying pressures on income generation.

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.

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## Achievements and Successes 2020/21:

- Published Strategic Asset Management Plan, new Disposals Policy and declared some council owned sites surplus to requirements, to enable them to be brought forward for development or community uses.
- Commenced Worksmart Project, completing all service property needs surveys.
- Inclusive Growth Strategy published.
- Ashton Interchange completed.
- Supported the delivery of the governments Kickstart Scheme to help residents back into employment.
- Delivered over 30 Tameside Employment Fund Placements
- Facilitated 23 residential placements for residents with special needs and care leavers, e.g. Mount Street
- Secured external funding to undertake site investigations at Ashton Moss and St Petersfield, to help bring the sites forward to create thousands of employment opportunities for Tameside residents.
- Undertook a further review of the LEP and extended the contract to 2024.
- Commenced construction of the new Data Centre at Ashton Old Baths, St Petersfield with completion due early 2021/22.
- Commenced demolition of the former Denton pool building with completion due early 2021/22, to bring the site forward for development.
- Commenced construction of the Hyde Pool extension with completion due early 2021/22.
- Godley Green Garden Village site surveys completed, community consultation completed and planning application prepared.
- £1.2M Heritage Action Zone funds secured for Stalybridge Town Challenge.
- Completed site investigations in Stalybridge to ascertain costs of bringing sites forward for development.
- Published various planning data, surveys and studies to inform a Greater Manchester Plan and future Local Plan for Tameside.
- Undertook 1141 number of Local Land Searches in 2020, an increase of 46.1% from 2019.
- Produced Covid19 Economic Response Plan.
- Administered and paid out 240 number of Discretionary Business Grants totalling £2.345m
- Set up ARG and LRSG Open Covid19 Business Grants Scheme to ensure £6.8m ARG and £1.8m LRSG Open support to businesses impacted by the pandemic. Latest performance ARG 214 grants equalling £295k and LRSG Open 168 grants equalling £590k
- Managed the Humanitarian Hub property, equipment and facilities set up.
- Sourced more than 20,000 food donations and supplies for the Humanitarian Hub and food banks.
- Set up Covid19 Business Resilience Clinic supporting 53 local companies with free help from business community champions such as finance and digital.
- Set up and facilitated Covid19 Business Leaders' Group
- Ensured the council's operational buildings are Covid secure.
- Ensured primary school meals available for vulnerable children.
- Identified and set up Covid19 drive through and lateral flow testing sites across Tameside.
- Set up Covid19 Vaccination sites for GP's in Tameside – property and facilities management, insurances and licences.
- Covid business enquiries – responded to approximately 2,100 emails and 600 telephone calls.

## GOVERNANCE

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Governance	9,524	9,854	(329)	(1,146)	817

The overspend position in 2020/21 was due to the impacts of the COVID-19 pandemic on Housing Benefit costs, debt recovery and recovery cost collection. The cost of homelessness accommodation not covered by Housing Benefit income increased considerably during 2020 as the COVID pandemic limited the availability of appropriate accommodation. In addition, the service has seen a significant reduction in income relating the Housing Benefit overpayment debt collection and court cost recovery, as COVID has restricted recovery processes. Excluding the impact of COVID, there was an underlying underspend of £817k.

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 2020/21 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.

**Democratic Services** has responsibility for running all local and national elections within the borough along with public votes on specific issues 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.

**Policy, Performance and Communications** works across the Strategic Commission (Tameside Council and Tameside and Glossop CCG) to support policy and strategy development, including the development of the Corporate Plan and delivery Plan; provides support to the Executive Leader; Engagement and Consultation, including support and advice to service managers and commissioners undertaking service redesign; internal and external communications; and performance management, intelligence and insight.

**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 Commission function;

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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 **Systems Team** provides leadership, delivery, maintenance and improvement of a range of corporate systems that support major priority areas namely HR, Finance, Adults, Children's and Education.

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 marriages and civil partnerships that take place in the borough's registered venues.

The **Recruitment, Payroll and Pensions Team** provide a compliant and high quality service to ensure staff are remunerated (pay and pensions) in line with statutory and policy requirement and administer all recruitment. They are also responsible for the payment of the authorities foster carers.

The **Accounts Payable Team** are responsible for the processing and payment of the Council's suppliers and payees in an accurate and timely way, supporting good client supplier relations and cashflow in the economy.

## **Achievements and Successes 2020/21**

### **Exchequer Services**

- Successful spend of Discretionary Housing Payment monies April to December £391.6k
- Payment of £45.1m COVID Business Rates Grant monies to 4,073 businesses from April to October 2020.
- Payment of £1.8m COVID Business Rates Grant monies post September 2020 as at Jan 2021.
- Despite COVID and suspension of recovery of monies on track to achieve collection rates of 94% for current year Council Tax and 96% NNDR
- Administered discretionary COVID Council Tax Support Hardship Scheme totalling £ 1.843m resulting in every Council Tax Support claimant receiving a £150 reduction from Council Tax.
- Administered the mandatory and discretionary Self Isolation Payments where NHS instructed a person they must by law self isolate. Number of successful cases paid totalling 501 value £251k as at 11 Jan 2021.
- Maximising Income exercise of recovery of monies using HMRC/DWP data up to December 2020 resulted in £846k collected.
- Revised Court hearing process in accordance with HMCTS guidance for virtual hearings to take place for recovery courts in accordance with COVID guidelines.
- Review of Single Person Discounts taking place Jan 2021. Last review in 19/20 realised £640.67k on the Council Tax Base after removing Single Person Discount from 2,034 accounts.
- Undertook the Discharge to Assess work for social care financial assessments where people released from hospital post coronavirus have to be assessed under different funding streams.
- Commenced the mandatory Housing Benefit Accuracy programme with DWP and on course to achieve targets set by DWP.

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## People and Workforce Development

- Significant improvement in performance of creditors function with 98% of invoices being paid within 30 days.
- Clearing of all accounts payable within 24 hours of lockdown to ensure no local businesses were adversely affected by outstanding payments. 1018 suppliers/payees were paid a total of £11.6m. During lockdown the average number of days taken to pay suppliers was 6 days.
- Support the mobilisation of the whole workforce changes in response to Covid 19 pandemic
- Developed and delivered a range of health and wellbeing interventions for our workforce
- Directly supported the Covid response by delivery of the humanitarian hub, neighbourhood contact hub, planning for community testing programme.
- Development of flexible pay arrangements in response to the Covid 19 pandemic
- Development of a comprehensive redeployment programme for 200 staff to ensure they are fully utilised when not able to do their normal job role during the pandemic
- Development and update of weekly FAQs for our managers and workforce
- Secured free employee health and wellbeing advice for our private social care workforce
- Developed and delivered a fast track recruitment campaign for social care
- Met with all trade unions on a weekly basis during the lockdown and subsequent period to ensure full engagement provided
- Supported the schools workforce in their return to work in a Covid secure environment, including input into weekly communications to school leaders, provision of webinars and supporting the development of plans for the introduction of testing in schools.
- Continued delivery of the STRIVE leader/aspiring leaders programme and conversion to digital delivery method 66 people accessed STRIVE (across 3 cohorts of 7 modules each) during 2020/2021. 33 people accessed ALP (across 2 cohorts of 6 modules each) during 2020/2021. On the wider workforce calendar 474 people have attended various courses. In addition to the above.
- Wellbeing: it Starts with you has been delivered to 216 people over 17 sessions.
- Health and Wellbeing have delivered 12 networking sessions to Mental Health First Aiders and Wellbeing Champions each with same 8 attendees.
- Achieved ILM assurance for the STRIVE leadership programme
- Development of digital induction and Chief Executive welcome sessions where 115 people have attended over 5 virtual sessions
- Joint Tameside and Salford leadership apprentice programme and conference, 50 apprentices currently on programme from Tameside and the CCG

## Policy and Performance

- Supporting inspection and accreditation (Peer review preparation, Ofsted Inspection preparation)
- Significant future proofing projects / major improvement work programmes – Ofsted / ILACS, Census, LGBCE electoral review
- Support to Executive Leader (blogs, speeches etc.)
- Supporting consultation- enabling difficult decisions and avoiding legal challenge. Enabling over 50 consultations per year. 5,000 plus responses
- Enabling the organisation to meet its statutory equality duties
- Supporting Scrutiny Panels / Overview Panel
- Leading Co-operative Council Accreditation
- Support to emerging initiatives/ policy issues (humanitarian hub, complex vulnerability)
- Delivery of the Corporate Plan (e.g. Environment Strategy)
- Providing a communications and external relations support to the organisation
- Providing timely and accurate information to residents and staff through various channels and networks to enable informed choices, actions and positive behaviour change

- Providing advice and guidance to staff, elected members and schools on media and public relations - liaising with the media on behalf of Officers, Cllrs and schools, providing press briefing notes, drafting quotes for enquiries, and arranging media training
- Developing the Tameside offer to market the borough - Increasing Civic pride as well as well as promoting Tameside as a desirable place to live a visit for people outside of the borough.
- Reach on social media of 1 million plus per annum
- Supporting dozens of events and initiatives including behaviour change driving cost reductions recruitment of foster carers, seasonal events etc)
- Providing a 24/7 emergency communications service
- Design of 2,000 organisational assets
- Production of Borough Newsletter 3 times per annum

## FINANCE AND IT

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Finance & IT	7,630	7,100	530	(21)	551

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 2021 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 2020/21

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. The expanded Integrated Care Fund of over £900m a year continued. 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. 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. Finance Business Partners were rotated to better align support to services and drive improvements and resilience.

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Both sets of statutory accounts were produced on time to revised timescales following the covid pandemic. The financial accounts were both given an unqualified opinion. The Council gained an unqualified value for money opinion, although the auditors warned about the continued reliance on reserves to balance the budget. The 2021/22 budget proposals rely on no further use of reserves, and improvements to the reporting around delivery of savings and efficiencies has been made.

Work and relationships with schools continues to be good. There continues to be pressures caused by schools wishing to convert to academy and underfunding of the High Needs part of the budgets. A recovery plan for high needs spending has been submitted to the DfE to aim to recover the deficit and has the full support of schools. There continues to be robust challenge and monitoring to support those schools who are in deficit, and in preventing further schools from entering into deficit.

The Council's relationship with STAR procurement continues to develop, there have been business improvements with the implementation of Tableau and the purchase of a contract register and management system called InTend.

The Covid pandemic and the move to homeworking has worked well across the teams with staff adapting to the new arrangements effectively. The finance team have supported the design and implementation of the business grants scheme, supported the wider organisation in its covid response and ensured that costs and income were effectively controlled and monitored.

The 2021/22 budget process has been challenging in the circumstances but significant savings plans have been developed alongside robust monitoring, delivery and reporting mechanisms to ensure the plans remain on track during 2021/22 and beyond.

The internal audit plan was delayed due to the response to COVID-19, with the original plan having to be amended to support the organisation deliver against a new risk profile. Assurance work and fraud investigations have been undertaken in relation to the Business Support Grant provided in response to COVID-19. The corporate risks have been reviewed and reported on a regular basis.

Responsive work in relation to information incidents has been provided together with proactive work to support services conduct due diligence reviews (Data Protection Impact Assessments) for new/amended data sharing and processing arrangements to ensure compliance with data protection legislation. NAFN continues to grow and develop its service offer and in response to COVID-19 has provided alerts and intelligence to members regarding suspected fraud and worked with BEIS to provide and share intelligence.

## **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.



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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 2020/21 IT:**

Like many other services the impact of COVID has shaped and driven the work programme for IT Services this year. The immediate response to COVID-19, which saw almost 2800 staff seamlessly move from traditional office based working to agile & home working, demonstrated how robust the Councils networks and systems are, how flexible and responsive the service is, and how reliant on technology the organisation has become.

ICT is by nature a fast moving dynamic sector and the Council must ensure that it continues to have the appropriate infrastructure, people and skills in place to implement, support, monitor and keep safe it's 250+ IT systems and over 2,000 users, whilst also being able to plan and build for the future. The new Digital Strategy and Cyber Security Strategies, both approved in September 2020, provide the framework for how we will use technology to transform how and where we work, how we deliver services and how we communicate and collaborate. Work to compile a programme of cross cutting Digital Strategy savings projects is underway. Overseeing the delivery of these projects and ensuring savings are realised will be the new Digital Strategy Delivery Group.

The March "lock down" and subsequent COVID working restrictions almost overnight advanced the Councils Agile and Homeworking ambitions by at least 3 years. A year ago only a handful of staff used video conferencing regularly and collaboration tools such as SharePoint were barely used. There are now over 2000 Skype for Business users, 600 of whom are seamlessly picking up calls to their desktop phone numbers through Skype and hundreds of staff are using tools to better share information with external partners. To ensure staff have the best tools available to support this new way of working the planned roll out of Microsoft Office 365 has been brought forward by 2 years and implementation will begin in March/April 21.

Home working has also had a big impact on printing and accelerated the need to for the organisation embrace paperless ways of working. 2020/21 will see a 65% drop in the number of pages printed, with more services using iMalil more efficient and cost effective way of getting letters and documents posted.

Work to update and upgrade the server infrastructure and associated operating systems and databases for many of the Councils systems have been completed with around 15% remaining to be done. A new backup and recovery system, including off-site tape backups, has been implemented as have additional firewall and VPN systems to increase home working capacity, resilience and security.

The planned service review has not taken place. The delay was necessary to enable the service to factor in the impact of COVID and new ways of working including the implementation of Office 365. The review will be a priority for 2021/22.

## QUALITY AND SAFEGUARDING

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Quality and Safeguarding	141	104	37	0	37

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 Act 1989:2004)

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 2020/21

#### Quality

- Continued 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. This has now been expanded into domiciliary care provision.
- Continued implementation of an integrated health and care approach to deliver the GM ambition to reduce nosocomial infection including gram negative E. coli infections across the economy.
- Implementation of health element LD delivery plan to support the improved uptake 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.
- Development of commissioning for quality framework for children's social care commissioning.
- During the Covid 19 pandemic staff redeployed to support Covid 19 testing, Adult Social Care Commissioning support to care homes, ICFT Quality team.

#### Safeguarding

- The team has continued to support acute, community, primary and commissioned care services together with partners across the system. There has been an increase in contact for support, advice and supervision to colleagues throughout the pandemic.
- Ensured CCG is compliant with statutory safeguarding responsibilities - No easements of safeguarding legislation and guidance during the pandemic.
- Continued to work with partners to respond effectively to the changing landscape and complexities post pandemic, facilitated and coordinated improved partnership forums and increased workload support safeguarding partnerships and GMCA workstreams
- Contributed to statutory safeguarding reviews- there has been an increase in referrals and screening
- Improved the local LeDer process including sharing and learning from reviews, supporting reviews and undertaking a multi agency review. TGCCG successfully met the NHSEI timescales for completion of LeDer reviews in Dec 2020. The first TGCCG LeDer annual report has been published on the CCG website.

- During Covid 19 pandemic staff supported Fit testing for FFP3 masks and infection prevention training for private providers.

### Individualised Commissioning

- the completion of deferred assessments within timeframes set by NHS E&I
- Despite the majority of the team being redeployed into frontline clinical services, the team maintained a core function to ensure that existing care packages continued to be appropriate, safe and effective. Maintained a duty service to deal with crisis support and commissioning
- Developed and managed a community FIT Testing service to ensure that community care staff were safe in delivering care to people with Aerosol generating procedures
- Developed and delivered a Infection Prevention and Control Training programme for all independent sector providers
- Developed a whole economy monitoring system of all covid funded discharges from acute bed bases and community admission avoidance packages. Applied same principles to develop a system for whole economy monitoring of Discharge to Assess funding
- Set trajectory and system to achieve deferred CHC assessments
- During Covid 19 pandemic staff redeployed to ICFT discharge service, district nursing, ICFT digital health hub and PCFT discharge team.

## CORPORATE BUDGETS

Outturn Position £000's	Outturn Position			Net Variance	
	Net Budget	Net Outturn	Net Variance	COVID Variance	Non-COVID Variance
Capital and Financing	3,447	8,719	(5,272)	(7,308)	2,036
Contingency	2,772	795	1,976	(694)	2,670
Corporate Costs	5,184	4,864	321	(33)	354

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. The adverse variance on Capital and Financing budgets is predominantly due to the loss of the budgeted £6.4m dividend income from Manchester Airport. This income loss has been mitigated in part by additional income of £727k accrued in respect of the July 2020 investment in the airport and savings on the pension advanced payment being in excess of budget by £494k .

## 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.

Services have spent £43.593m on capital investment in 2020/21, which is £3.855m 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 (£0.236m) less the re-profiling of expenditure in some other areas (£4.091m)

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 2021/22 financial year.

	2020/21 Budget	Outturn	Outturn Variation	Slippage	Outturn variation after slippage
	£000	£000	£000	£000	£000
<b>Growth</b>					
Investment & Development	5,940	5,641	299	(421)	(122)
Corporate Landlord	369	303	66	(66)	0
Estates	12	11	1	(1)	0
Vision Tameside	234	426	(192)	165	(27)
<b>Operations and Neighbourhoods</b>					
Engineers	6,982	6,548	434	(93)	341
Environmental Services	1,779	1,681	98	(97)	1
Transport (Fleet)	2,481	2,378	103	(127)	(24)
Stronger Communities	16	0	16	(16)	0
<b>Children's</b>					
Education	7,630	5,281	2,349	(2,775)	(426)
Children	247	117	130	(129)	1
<b>Finance &amp; IT</b>					
Finance	13,430	13,417	13	0	13
Digital Tameside	2,925	2,837	88	(68)	20
<b>Population Health</b>					
Active Tameside	3,361	2,993	368	(381)	(13)
<b>Adults</b>					
Adults	2,042	1,960	82	(82)	0
<b>Total</b>	<b>47,448</b>	<b>43,593</b>	<b>3,855</b>	<b>4,091</b>	<b>(236)</b>

The financing of the 2020/21 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 contributions to scheme overspends or school contributions to capital expenditure in schools where capital grants have been fully utilised. After maximising the use of external funding from grants and contributions, and the use of borrowing only where this was approved as part of the scheme approval, £7.953m of corporate resource has been applied to finance the overall expenditure of £43.593m.

Resources	£000
Grants & Contributions	15,356
Revenue Contributions	559
<b>Corporate:</b>	
- Prudential Borrowing	19,725
- Receipts	55
- Reserves	7,898
<b>Total</b>	<b>43,593</b>

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.

Capital Receipts and Reserves have been a significant source of funding for Capital Investment over the last four years. In the period from 1 April 2017 to 31 March 2021 the Council has invested more than £80m which has been financed from Capital Receipts (£17.842m) and the Capital Investment Reserve (£62.544m). Future Capital Investment will be heavily dependent on the realisation of additional capital receipts or securing additional external funding.

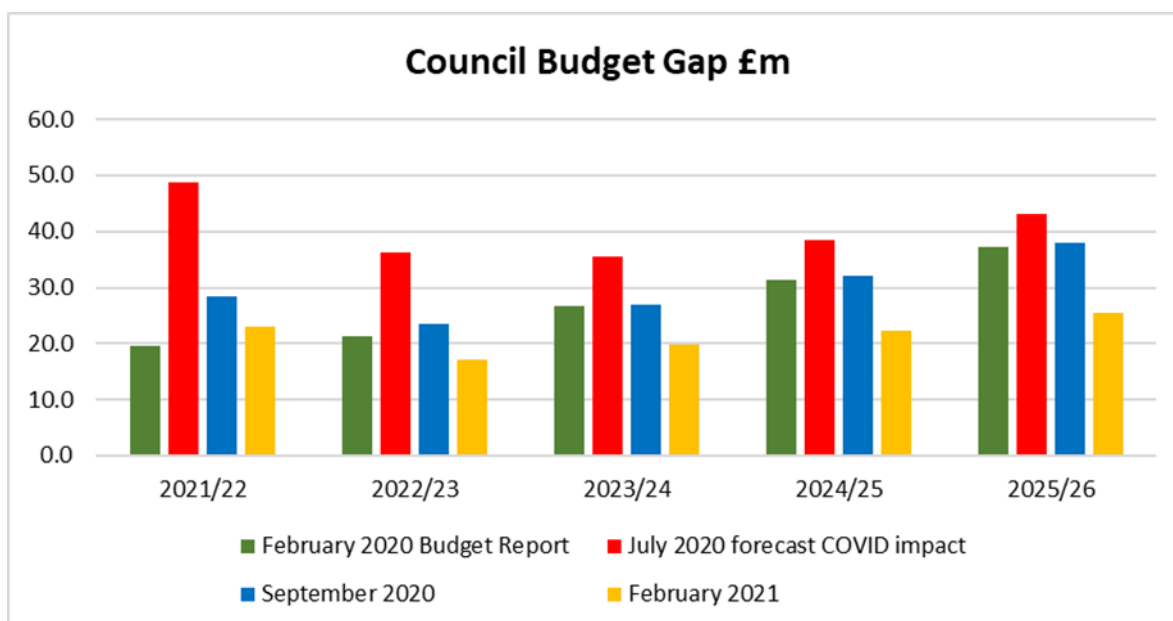
## 5) Financial Strategy: Outlook for 2021/22 and beyond

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 COVID-19 pandemic has had a significant adverse impact on Council Finances, both in 2020/21 and on future financial forecasts, due to a combination of additional costs and lost income. Significant additional funding has been provided in 2020/21 and for 2021/22 however this does not cover all income losses, particularly those income reductions forecast in future years due to the ongoing economic impact of the pandemic.

The 2020/21 budget report included forecasts for 2020 to 2025 which identified a budget gap of £19.6m in 2021/22. This gap assumed that all savings and additional income identified in the 2020/21 budget plans would be delivered, and that expenditure in Children's Social Care Services would reduce by £3.4m in 2021/22 as progress was made around the early help model and reduction in placements, with further reductions in spending of £4.1m planned over the following two years. Since the approval of the 2020/21 budget, significant additional pressures have emerged which increased the forecast gap for 2021/22 and beyond. The Council has monitored the financial impact of COVID-19 and modelled various scenarios since March 2020. In the immediate weeks and months following the first national lockdown in March 2020, initial indications suggested that the budget gap for 2021/22 could increase up to £48m. Subsequently, the financial impact and economic forecasts have proven not to be as catastrophic as first envisaged, but nonetheless resulted in an increased financial gap for 2021/22.



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The COVID-19 pandemic has placed significant pressures on services in 2020/21 and resulted in significant income losses and reductions which are expected to continue for a number of years. Whilst the number of cared for children has remain relatively stable, the cost of placements has continued to rise, due to a tightening placement market reflecting the national trends of increasing children in care, meaning that anticipated reductions in spending on Children's Social Care are no longer achievable in the short term. The proposed reductions have therefore been slipped by one financial year, with the £3.4m reduction in placement budgets not expected to be delivered until 2022/23.

The Council also faces pressures on its budgets in 2021/22 due to significant reductions in the income sources it uses to support the budget, as a result of the COVID pandemic. Alongside reductions in income from car parking income and markets, the Council has lost a £6.4m revenue stream from the suspension of the Manchester Airport dividend. Whilst it is expected that the aviation industry will recover in the medium term, no dividend income from Manchester Airport is now assumed within our financial model until at least 2025.

After initially forecasting a gap for 2021/22 of £48m in July 2020, this gap reduced to £28m in September and then £23m by December 2020. Whilst staffing cost and inflationary pressures have reduced, significant increases in demographic pressures are reflected in Adults Services, Children's Services (for social care and SEN Home to School Transport) and significant income reductions reflecting reduced income from Manchester Airport and reduced car parking and markets income. An increase in service savings of £9.105m, together with some additional funding (£0.592m) mean that total service budget reductions for 2021/22 have been increased to just under £10m, compared with less than £0.5m identified last year. However, the resourcing position has been impacted significantly by the COVID pandemic, reducing expected funding from Business Rates and Council Tax by more than £5 million.

Without further additional resources, the Council faced a £23.1m budget deficit in 2021/22 due to demographic pressures and a significant reduction in income due to the COVID pandemic. Balancing the 2021/22 budget has only been possible through the use of a significant amount of additional one-off funding which is not expected to be available in 2022/23, and as a result the Council still faces a significant budget gap in future years. The delivery of a significant programme of savings in 2021/22 will be challenging, and will require a sustained focus on delivery of plans. The scale of savings, combined with significant financial pressures which may emerge from further demographic changes in Children's Social Care and Adults services, means that delivery of the 2021/22 budget presents a significant financial challenge. The proposals do not, however, drawdown further on Council reserves, which represents a reduction in the reliance on reserves to balance the budget as in previous years.

Even before the Covid-19 pandemic, the Strategic Commission faced a number of significant risks which could impact on 2021/22 and future years.

**Children's Social Care:** The financial pressures in this area continue to present the single greatest risk to the Council. The Council has allocated significant additional investment to the directorate budget provision over recent years to support service improvements, including seven key sustainability initiatives from 2020/21. Despite the pandemic and significantly increased numbers of open cases in the statutory children's system since June 2020, cared for children (CfC) numbers has remained static, however the full impact of lockdown is not yet known.

**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 continue to 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. Costs pressures and any notable variation in demographic forecasts and contractual assumptions could have significant financial implications for the Council.

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**Income generation:** A number of pressures emerged during 2019/20 due to under-recovery of income across the Growth and Operations & Neighbourhoods directorate, with plans in 20/21 to review service delivery and establish a sustainable future delivery model. The economic impacts of COVID-19 have placed further pressures on these areas, and the speed of recovery is likely to be dependent on local and regional economic conditions.

**Council Tax and Business Rates Income:** Reduced collection rates on both Council Tax and Business Rates in 2020/21 has resulted in a significant deficit on the Collection Fund at 31 March 2021 which needs to be financed over the following three years. In addition, the amount of Council Tax collectible is also significantly reduced due increased numbers of Council Tax Support claimants. The ongoing economic impacts of the COVID pandemic may result in further income reductions in 21/22 and beyond depending on the speed of economic recovery.

**Future Local Government Funding:** Government have committed to a review of Local Government funding but the timescales for that review remain unclear. The absence of a multi year finance settlement and no indication of how the funding model may change, mean it is very difficult to develop financial plans for the medium term. The MTFP, at this stage, assumes that Local Government Funding will be sustained at current levels, but that there will be no increases in funding for future years. The continuing lack of certainty over the timing and outcome of the fair funding review, makes planning beyond 2021/22 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 2020/21.

### 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.



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:

<b>Category</b>	<b>Description</b>
<b>Accounting reserves</b>	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)
<b>Grants and Contributions</b>	Reserves to hold unspent grants and contributions received from external sources.
<b>Liabilities and Risk</b>	Reserves held to mitigate against known and anticipated liabilities and risks. This will include for example self insurance reserves.
<b>Capital Reserves</b>	Capital Receipts, Capital Grants and Reserves earmarked for capital purposes. These reserves are used to finance the capital programme.
<b>Schools Reserves</b>	Reserves for Schools and Education expenditure, including the ring fenced schools balances.
<b>Budget Resilience Reserves</b>	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.
<b>Strategic Priorities Reserves</b>	Reserves held for planned or intended investment in Strategic Priorities. This will include reserves such as the Care Together Reserve.

As at 31 March 2021, the Council has earmarked reserves of £148,386k (£118,473k at 31 March 2020). Whilst this an increase in the level of reserves overall, the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years. This includes COVID-19 grant funding in excess of £14m which will be fully utilised in 2021/22, section 31 grant of £29m for Business Rates Reliefs which will be used to fund the deficit on the Collection Fund, and a number of other ring fenced grants carried forward due to projects being delayed. If the COVID related grants are excluded, then earmarked reserves have fallen to just over £105m.

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## 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.

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The statement shows that the Council's gross expenditure on services in 2020/21 was £509.176m, but after income is included the Net Cost of Services was £178.415m. 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 £21.914m.

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 (£205.176m) and the Net Cost of Services in the CIES (£178.415m).

### **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 2021, the MiRS shows that the Council retained General Fund Balances of £27.243m. 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. Since 2019/20, in the context of the increasing pressures and risks facing the Council and Local Government in general, an analysis of financial risks is undertaken as part of the budget setting process to establish the required minimum level of general fund balances that should be established going forward. The analysis in February 2020 determined that the minimum general fund balance from 1 April 2020 should be set at £27.2m. This minimum level of balances is slightly lower than the previous year but reflects a similar risk profile facing the Council. Council approved this minimum level in February 2020 as part of the budget report.

Also shown within usable reserves are £9.354m of Schools Balances. These amounts accrue from unspent school budgets, and are allocated to be spent in future years. Overall balances have increased this year but this is mainly due to COVID grants allocated to schools which will be spent in 2021/22. The use of schools balances is determined by schools' governing bodies. This is a net balance and includes some deficit balances.

Finally, £148.386m of Earmarked Reserves are also included. These earmarked amounts are allocated to specific purposes or liabilities. Whilst this an increase in the level of reserves overall since April 2020, the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years. This includes COVID-19 grant funding in excess of

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£14m which will be fully utilised in 2021/22, section 31 grant of £29m for Business Rates Reliefs which will be used to fund the deficit on the Collection Fund, and a number of other ring fenced grants carried forward due to projects being delayed. If the COVID related grants are excluded, then earmarked reserves have fallen to just over £105m. Other significant amounts within the earmarked reserves include reserves required legally (such as the unspent element of the Public Health Grant) as well as amounts set aside for future liabilities. This includes the Capital Investment Reserve (set aside to contribute to the capital programme), Insurance Reserves, the Medium Term Financial Strategy Reserve set aside to fund future pressures and risks, Unspent Revenue Grants and Contributions, and the Care Together Reserve. 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 2021 and shows the net worth of the Council's assets and liabilities of £36.004m. 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 £590.379m, an increase of £8.058m from 31 March 2020.

Current Assets have decreased in year, mostly due to a reduction in Cash and Cash Equivalents, and Short Term Investments, following the pensions advance payment in April 2020.

Usable reserves have increased, although the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years as noted above.

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 decreased over the course of 2020/21 mainly due to the advance payment of pension contributions in April 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 2021 were a £1.903m surplus relating to Council Tax (£6.640m surplus in 2019/20) and a £32.029m deficit on NDR (£2.489m deficit in 2019/20). The deficit on the NNDR side of the collection fund will be funded from £29m of additional section 31 grant (currently held in earmarked reserves) and from amounts set aside in the 2021/22 budget.

## **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 £26.886bn at 31 March 2021 (£22.035bn at 31 March 2020), an increase of £4.852bn during the financial year, due primarily to an increase in the fair value of investments at 31 March 2021.

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## 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 four 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. 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 conversions which took place during 2020/21:

- Greenfield Primary £3.315m (Land & Buildings)
- Wild Bank Primary £1.253m (Land & Buildings)
- St James C of E Primary £0.116m (Land Only)
- St George's Cof E Primary Hyde £0 (Land Only)

### Capital Expenditure

As set out in section 4 above, the Council has incurred Capital Expenditure in excess of £43m during 2020/21. Capital Expenditure on Council owned assets is reflected as additions in note 12 to the Balance Sheet. Additions in 2020/21 included:

- Hyde Leisure Centre £2.727m
- Hyde Technology College £1.575m
- Ashton Old Baths £2.929m
- Digital Infrastructure £1.806m
- Highways £6.541m
- Schools £2.451m

### 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 2021, resulting in some significant gains and losses on the values held in the Balance Sheet, particularly where assets had not been revalued in the last 12 months.

### COVID Grant Accounting

During the financial year the Council has administered a significant number of Covid-19 grant schemes on behalf of Government to support businesses and residents through the many challenges

of the pandemic. These schemes have been a mix of non-discretionary, where schemes and eligibility criteria has been set nationally by Government, and discretionary, where schemes and eligibility criteria have been set locally by the Council. In addition to the operation of grant schemes to support business and residents, the Council has also received a number of general and specific grants to support the impact and response to COVID-19.

As part of the preparation of the Council's 2020/21 Statement of Accounts, the Council has had to determine the accounting treatment for these grants, including consideration of whether the Council was operating as 'principal' or as an 'agent' of Government:

- Where the Council is acting as an intermediary or a distribution point for grant monies, with no control over the amount of grant allocated to a recipient, then the Council is likely to be acting as an 'agent'. Where acting as agent, the income and expenditure relating to the grant is not included in the Comprehensive Income and Expenditure Statement. Any balances of grant that have not been distributed at 31 March 2021 are reflected in the balance sheet as creditors owed back to Government.
- Where the Council is acting on its own behalf, and has control over the amount of grant awarded, or how the grant is to be spent, then the Council is considered to be acting as principal. Where grants are accounted for as principal, the income and expenditure relating to the grant is reflected in the Comprehensive Income and Expenditure Statement. Any unspent balances of grant are either held in reserves, or where there is an expectation that unspent balances will be repaid to Government, these are held on the balance sheet as creditors.

The Council received the following COVID grants in 2020/21, which have been reflected in the Statement of Accounts as agent or principal as indicated:

	Total Grant allocation/ received £000	The Council acting as Principal £000	The Council acting as Agent £000	Expenditure as at 31 March 2021 £000	Balance at 31 March 2021 £000
<b>Covid Grants 2020/21</b>					
Council Tax Hardship Grant	(2,158)	(2,158)		2,133	(25)
Income Compensation Grant	(1,481)	(1,481)		1,481	0
Local Restrictions Support Grant	(2,027)	(2,027)		1,748	(278)
Local Authority Support Grant	(13,804)	(13,804)		9,729	(4,075)
Local Authority Discretionary Grant Fund	(2,469)	(2,469)		2,299	(170)
Business Support Grant	(45,095)		(45,095)	45,095	0
Local Restrictions Support Grant (closed) Addendum	(10,879)		(10,879)	7,327	(3,552)
Local Restrictions Support Grant (closed)	(1,251)		(1,251)	935	(316)
Christmas Support Payment	(211)		(211)	106	(105)
Closed Businesses Lockdown Payment	(14,095)		(14,095)	5,509	(8,586)
Additional Restrictions Grant	(6,803)	(6,803)		3,772	(3,032)
Test and Trace Support Payments Grant	(1,024)	(612)	(412)	585	(439)
Local Authority Compliance and Enforcement Grant	(146)	(146)		146	0
Emergency Assistance Grant for Food and Essential Supplies	(332)	(332)		183	(149)
Test and Trace Support Grant	(1,420)	(1,420)		133	(1,287)
Winter Grant Scheme	(1,125)	(1,125)		1,125	0
Contain Outbreak Management Fund	(6,415)	(6,415)		2,416	(4,000)
Asymptomatic Testing Sites	(211)	(211)		211	0
Community Champions LA Fund	(368)	(368)		1	(367)
Clinically Extremely Vulnerable Funding	(307)	(307)		24	(283)
Infection Control Fund Grant	(4,262)	(3,834)	(428)	4,130	(132)
Rapid Testing Fund	(526)	(105)	(421)	526	0
Workforce Capacity Fund	(577)	(577)		569	(8)
Catch Up Premium	(911)	(911)		870	(41)
	<b>(117,897)</b>	<b>(45,105)</b>	<b>(72,792)</b>	<b>91,052</b>	<b>(26,845)</b>

## Reserves

As at 31 March 2021, the Council has earmarked reserves of £148,386k (£118,473k at 31 March 2020). Whilst this an increase in the level of reserves overall, the increase at 31 March 2021 is temporary and due to items in excess of £43m which are already committed in future years. This

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includes COVID-19 grant funding in excess of £14m, which will be fully utilised in 2021/22, section 31 grant of £29m for Business Rates Reliefs, which will be used to fund the deficit on the Collection Fund, and a number of other ring fenced grants carried forward due to projects being delayed. If the COVID related grants are excluded, then earmarked reserves have fallen to just over £105m.

### **Borrowing and Other Long Term Liabilities**

At 31 March 2021 the Council held borrowing with the PWLB and market lenders with a carrying value of £161.064m (£155.292m at 31 March 2020). These balances relate to borrowing that was used to finance capital expenditure in previous years. The increase in the balance held since March 2020 primarily reflects an additional £10m of borrowing taken up in November 2020, net of principal repayments. 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 £16.009m in interest on its borrowings during 2020/21. 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 an increase in the fair value of the Council's shareholding during the accounting period from £30.2m at 31 March 2020 to £32.0m at 31 March 2021. Prior to the COVID pandemic the Council usually received dividend income from this investment (£6.4m in 2019/20) - this is a key item of income in the Council's MTFs, with the investment considered to have strategic importance, and as such the Council is highly unlikely to dispose of its shareholding.

In recent years, further additional investment in Manchester Airport has been approved by Executive Cabinet:

- 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 funded from reserves. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget.
- In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport funded by prudential borrowing. The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment). It was originally envisaged that this income would begin to be received from 2021/21 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector
- In July 2020, the In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, which will be funded by prudential borrowing. The loan is intended to provide financial stability to Manchester Airport Group and ensure it

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is best-placed to react and rebuild business operations as Covid 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. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum

The COVID-19 pandemic has had a significant impact on the Aviation Industry. 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 2021/22 and future years.

### **Pensions Liability and Advance Payment of Contributions**

The actuarial valuation of the Council's Local government Pension Scheme liabilities has increase from £278m at 31 March 2020 to £372m at 31 March 2021. This is primarily due to changes to the financial assumptions used by the pension fund Actuary (Hymans Robertson) which have a significant impact on the estimated value of future liabilities. 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.

In February 2020, Executive Cabinet approved an advanced payment of employer pension contributions, equivalent to three years contributions, to the Greater Manchester Pension Fund. The payment of employer contributions in advance provided the Council with a discount on the contribution rate equivalent to approximately £2.764m over the three year period. After taking account of the forecast interest foregone, based on interest rate projections in the Treasury Management Strategy, the net saving is estimated to be approximately £1.9m over the three year period.

It is financially advantageous for the Council to use reserves to fund this advance payment. The Treasury Management Strategy identifies that the Council's cash flow is healthy and has sufficient cash resources to enable the payment to be made. There will be other calls on cash during the next three years, most notably from the Capital Programme, but it is expected that the cash position will remain strong in the medium term. As monthly payments of employer contributions will not be made, the cash position of pension contributions will come back into balance over the three years.

### **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.



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As a result of the Pilot the Council did not receive the Revenue Support Grant or Public Health Grant from Government in 2020/21. 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 2021 which require adjustment to the transactions and balances within these financial statements.

### **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:

x July 2021

Kathy Roe  
Director of Finance (Section 151 Officer)

Tameside Metropolitan Borough Council

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

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# 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 2021.

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## 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 2020/21*.

**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 2021 and its income and expenditure for the year ended 31 March 2021.

Signed:

Date: x July 2021

**Kathy Roe**

*Director of Finance (Section 151 Officer)*

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# 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 2021

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.

		2020/21			2019/20		
	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Children's Social Care		68,223	(10,826)	57,397	65,284	(4,485)	60,799
Education		162,210	(145,764)	16,446	174,897	(143,840)	31,057
Adults' Social Care		88,831	(47,585)	41,246	92,182	(47,113)	45,069
Population Health		18,174	(268)	17,906	19,369	(145)	19,224
Quality & Safeguarding		245	(128)	117	375	(199)	176
Operations & Neighbourhoods		40,010	(7,136)	32,874	52,261	(6,923)	45,338
Growth		17,016	(18,196)	(1,180)	29,754	(19,711)	10,043
Finance & IT		7,033	(613)	6,420	9,999	(506)	9,493
Governance		72,261	(61,877)	10,384	77,777	(66,679)	11,098
Corporate Costs		35,173	(38,368)	(3,195)	6,179	(14,676)	(8,497)
<b>Cost Of Services</b>	1	<b>509,176</b>	<b>(330,761)</b>	<b>178,415</b>	<b>528,076</b>	<b>(304,277)</b>	<b>223,799</b>
Other Operating Income and Expenditure	2	37,161	(55)	37,106	38,257	(9,792)	28,465
Financing and Investment Income and Expenditure	3	38,557	(14,407)	24,150	32,322	(23,141)	9,181
Taxation and Non-Specific Grant Income	4	0	(217,757)	(217,757)	0	(201,435)	(201,435)
<b>(Surplus) or Deficit on Provision of Services</b>		<b>584,894</b>	<b>(562,980)</b>	<b>21,914</b>	<b>598,655</b>	<b>(538,645)</b>	<b>60,010</b>
Other Comprehensive Income and Expenditure							
Revaluation Gains	10			(26,523)			(12,117)
Remeasurement of Net Defined Benefit Liability	10			116,549			(112,644)
(Surplus)/Deficit on Revaluation of Financial Instruments	10			(1,890)			14,402
				<b>110,050</b>			<b>(50,349)</b>

\*\*Corporate Costs for 2020/21 includes additional expenditure incurrent directly as a result of the COVID-19 pandemic and funded from additional COVID related grants.

## Movement in Reserves Statement as at 31 March 2021

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

	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	£000
<b>Balance at 31 March 2019 *</b>	<b>(17,295)</b>	<b>(7,389)</b>	<b>(127,268)</b>	<b>(151,952)</b>	<b>(537)</b>	<b>(17,350)</b>	<b>(169,837)</b>	<b>74,133</b>	<b>(95,705)</b>
(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)
<b>Total Comprehensive Income and Expenditure</b>	<b>60,010</b>	<b>0</b>	<b>0</b>	<b>60,010</b>	<b>0</b>	<b>0</b>	<b>60,010</b>	<b>(110,359)</b>	<b>(50,349)</b>
Adjustments between accounting basis & funding basis under regulations ***	(61,791)	0	0	(61,791)	534	(3,073)	(64,330)	64,330	0
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>	<b>(1,781)</b>	<b>0</b>	<b>0</b>	<b>(1,781)</b>	<b>534</b>	<b>(3,073)</b>	<b>(4,320)</b>	<b>(46,029)</b>	<b>(50,349)</b>
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(9,126)	332	8,794	0	0	0	0	0	0
<b>(Increase)/decrease in year</b>	<b>(10,907)</b>	<b>332</b>	<b>8,794</b>	<b>(1,781)</b>	<b>534</b>	<b>(3,073)</b>	<b>(4,320)</b>	<b>(46,029)</b>	<b>(50,349)</b>
<b>Balance at 31 March 2020 *</b>	<b>(28,203)</b>	<b>(7,057)</b>	<b>(118,474)</b>	<b>(153,733)</b>	<b>(3)</b>	<b>(20,423)</b>	<b>(174,157)</b>	<b>28,104</b>	<b>(146,054)</b>
(Surplus) or Deficit on the Provision of Services **	21,914	0	0	21,914	0	0	21,914	0	21,914
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	88,136	88,136
<b>Total Comprehensive Income and Expenditure</b>	<b>21,914</b>	<b>0</b>	<b>0</b>	<b>21,914</b>	<b>0</b>	<b>0</b>	<b>21,914</b>	<b>88,136</b>	<b>110,050</b>
Adjustments between accounting basis & funding basis under regulations ***	(53,166)	0	0	(53,166)	0	476	(52,690)	52,690	0
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>	<b>(31,252)</b>	<b>0</b>	<b>0</b>	<b>(31,252)</b>	<b>0</b>	<b>476</b>	<b>(30,776)</b>	<b>140,826</b>	<b>110,050</b>
Transfers to/(from) Earmarked Reserves and Schools Balances ****	32,211	(2,297)	(29,914)	0	0	0	0	0	0
<b>(Increase)/decrease in year</b>	<b>959</b>	<b>(2,297)</b>	<b>(29,914)</b>	<b>(31,252)</b>	<b>0</b>	<b>476</b>	<b>(30,776)</b>	<b>140,826</b>	<b>110,050</b>
<b>Balance at 31 March 2021 *</b>	<b>(27,244)</b>	<b>(9,354)</b>	<b>(148,388)</b>	<b>(184,985)</b>	<b>(3)</b>	<b>(19,947)</b>	<b>(204,933)</b>	<b>168,930</b>	<b>(36,004)</b>

\* 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 2021

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 2021 £000	31 March 2020 £000
Property, Plant and Equipment	12	453,113	427,555
Heritage Assets	13	17,020	17,020
Investment Properties	14	31,400	38,133
Intangible Assets	15	1,077	64
Long Term Debtors	18	36,881	29,028
Long Term Investments	19	50,887	70,521
<b>Non-current Assets</b>		<b>590,378</b>	<b>582,321</b>
Cash and Cash Equivalents	23	50,341	52,432
Short Term Investments	19	58,756	65,065
Inventories	21	1,482	1,344
Short Term Debtors	22	57,896	57,999
Assets Held for Sale (<1yr)	12d	538	538
<b>Current Assets</b>		<b>169,013</b>	<b>177,378</b>
Short Term Borrowing	19	(19,690)	(13,558)
Short Term Creditors	24	(69,384)	(55,795)
Short Term Provisions	26	(14,945)	(12,234)
Other Short Term Liabilities	25	(2,821)	(2,696)
Receipts In Advance (Grants and Contributions)		(1,558)	(2,562)
<b>Current Liabilities</b>		<b>(108,398)</b>	<b>(86,845)</b>
Long Term Borrowing	19	(141,340)	(141,735)
Long Term Provisions	26	(3,182)	(4,337)
Pensions Liability	25	(372,635)	(278,987)
PFI	25	(94,058)	(96,873)
Other Long Term Liabilities	25	(3,774)	(4,868)
<b>Non-current Liabilities</b>		<b>(614,989)</b>	<b>(526,800)</b>
<b>Net Assets / (Liabilities)</b>		<b>36,004</b>	<b>146,054</b>
Usable Reserves	9	(204,934)	(174,159)
Unusable Reserves	10	168,930	28,105
<b>Total Reserves</b>		<b>(36,004)</b>	<b>(146,054)</b>

The notes to the financial statements on pages 53 - 148 form part of this account. The financial statements on pages 49-52 were authorised for issue by the Director of Finance (Section 151 Officer) on xx July 2021.

Kathy Roe  
X July 2021  
Director of Finance (Section 151 Officer)

## Cash Flow Statement as at 31 March 2021

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	2020/21 £000	2019/20 £000
(Surplus) or Deficit on the Provision of Services		21,914	60,010
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(21,633)	(103,747)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	2,723	25,662
<b>Net Cash Flows from Operating Activities</b>		<b>3,004</b>	<b>(18,076)</b>
Net Cash Flows from Investing Activities	32	(174)	23,765
Net Cash Flows from Financing Activities	33	(739)	(21,645)
<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>		<b>2,091</b>	<b>(15,956)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	52,432	36,476
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	23	<b>50,341</b>	<b>52,432</b>



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# 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.

	As reported for financial mangement	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a)	Net Expenditure chageable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1a)	Net Expenditure in the Comprehensive Income and Expenditure Statement
2020/21	£000	£000	£000	£000	£000
Children's Social Care	56,964	(512)	56,452	944	57,396
Education	6,585	(831)	5,754	10,692	16,446
Adults' Social Care	38,509	1,685	40,194	1,053	41,247
Population Health	14,453	106	14,559	3,346	17,905
Quality & Safeguarding	103	0	103	13	116
Operations & Neighbourhoods	53,584	(30,411)	23,173	9,702	32,875
Growth	8,571	(13,355)	(4,784)	3,603	(1,180)
Finance & IT	7,100	(1,435)	5,665	755	6,420
Governance	9,854	(33)	9,821	564	10,385
Corporate Costs	9,453	(13,195)	(3,742)	548	(3,194)
<b>Net costs of services</b>	<b>205,176</b>	<b>(57,981)</b>	<b>147,195</b>	<b>31,220</b>	<b>178,416</b>
Other income and expenditure	(205,279)	57,981	(147,298)	(9,204)	(156,502)
<b>(Surplus) or deficit</b>	<b>(103)</b>	<b>0</b>	<b>(103)</b>	<b>22,016</b>	<b>21,914</b>
Opening General Fund			(28,203)		
Add deficit on General Fund Balance in Year			(103)		
Less Transfer to Earmarked Reserves			1,062		
<b>Closing General Fund Balance at 31 March 2020</b>			<b>(27,244)</b>		

	As reported for financial mangement	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a)	Net Expenditure chageable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1a)	Net Expenditure in the Comprehensive Income and Expenditure Statement
2019/20	£000	£000		£000	£000
Children's Social Care	56,836	270	57,106	3,694	60,800
Education	6,051	4,425	10,476	20,580	31,056
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	10,045
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)
<b>Net costs of services</b>	<b>196,816</b>	<b>(44,548)</b>	<b>152,268</b>	<b>71,530</b>	<b>223,801</b>
Other income and expenditure	(196,803)	44,548	(152,255)	(11,534)	(163,790)
<b>(Surplus) or deficit</b>	<b>13</b>	<b>0</b>	<b>13</b>	<b>59,996</b>	<b>60,010</b>
Opening General Fund			(17,295)		
Add Surplus on General Fund Balance in Year			13		
Add Contribution from Earmarked Reserves			(10,921)		
<b>Closing General Fund Balance at 31 March 2019</b>			<b>(28,203)</b>		

### 1a. Note to the Expenditure and Funding Analysis

	Transfers to/(from) reserves at Directorate level	Capital expenditure charged against the General Fund balances	Adjustments for Other Operating Income and Expenditure	Adjustments for Financing and Investment Income and Expenditure	Adjustments for Taxation and Non-Specific Grant Income	Total to arrive at amount charge to general fund	Adjustment for Capital Purposes	Net change for the Pensions Adjustment	Other Differences	Total Adjustment Between funding and Accounting Basis
2020/21	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children's Social Care	(512)	0	0	0	0	(512)	0	924	20	944
Education	(405)	(426)	0	0	0	(831)	8,578	1,736	378	10,692
Adults' Social Care	1,685	0	0	0	0	1,685	0	1,030	22	1,053
Population Health	106	0	0	0	0	106	3,314	32	1	3,346
Quality & Safeguarding	0	0	0	0	0	0	0	13	0	13
Operations & Neighbourhoods	(3,718)	(945)	(25,748)	0	0	(30,411)	8,678	1,003	22	9,702
Growth	(3,024)	(60)	(976)	(9,295)	0	(13,355)	3,422	177	4	3,603
Finance & IT	(1,435)	0	0	0	0	(1,435)	542	209	4	755
Governance	(33)	0	0	0	0	(33)	0	552	12	564
Corporate Costs	(28,914)	(7,026)	(32)	(14,474)	37,251	(13,195)	0	41	507	548
<b>Net costs of services</b>	<b>(36,250)</b>	<b>(8,457)</b>	<b>(26,756)</b>	<b>(23,769)</b>	<b>37,251</b>	<b>(57,981)</b>	<b>24,533</b>	<b>5,717</b>	<b>970</b>	<b>31,220</b>
Other income and expenditure	36,250	8,457	26,756	23,769	(37,251)	57,981	(24,533)	(5,717)	21,046	(9,204)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,016</b>	<b>22,016</b>

	Transfers to/(from) reserves at Directorate level	Capital expenditure charged against the General Fund balances	Adjustments for Other Operating Income and Expenditure	Adjustments for Financing and Investment Income and Expenditure	Adjustments for Taxation and Non-Specific Grant Income	Total to arrive at amount charge to general fund	Adjustment for Capital Purposes	Net change for the Pensions Adjustment	Other Differences	Total Adjustment Between funding and Accounting Basis
2019/20	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children's Social Care	270	0	0	0	0	270	0	3,671	22	3,694
Education	4,713	(288)	0	0	0	4,425	13,148	7,500	(67)	20,580
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
<b>Net costs of services</b>	<b>(11,721)</b>	<b>(2,088)</b>	<b>(27,610)</b>	<b>(11,897)</b>	<b>8,768</b>	<b>(44,548)</b>	<b>47,325</b>	<b>23,547</b>	<b>658</b>	<b>71,530</b>
Other income and expenditure	11,721	2,088	27,610	11,897	(8,768)	44,548	(47,325)	(23,547)	59,338	(11,534)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59,996</b>	<b>59,996</b>

## 1b. Expenditure and Income Analysed by Nature

	2020/21 £000	2019/20 £000
<b>Expenditure</b>		
Employee benefits expenses	204,042	215,546
Other service expenses	307,297	283,614
Depreciate amorisation and impairment	20,462	47,396
Loss on disposal of non-current assets	0	0
Interest payments	24,075	24,001
Precepts and levies	29,018	28,097
	<b>584,894</b>	<b>598,654</b>
<b>Income</b>		
Customer and Client Receipts	(53,187)	(45,219)
Income from Council tax and Business Rates	(148,784)	(174,976)
Government Grant Income	(319,175)	(265,360)
Other Grants Reimbursements and Contributions	(15,151)	(17,532)
Interest Income	(4,832)	(10,568)
Other Income	(21,851)	(24,989)
	<b>(562,980)</b>	<b>(538,644)</b>
<b>Surplus/Deficit on provision of services</b>	<b>21,914</b>	<b>60,010</b>

## 2. Other Operating Income and Expenditure

	31 March 2021			31 March 2020		
	Gross Exp- enditure	Gross Income	Net Exp- enditure	Gross Exp- enditure	Gross Income	Net Exp- enditure
	£000	£000	£000	£000	£000	£000
Parish Council Precepts	32	0	32	31	0	31
Levies	28,390	0	28,390	28,066	0	28,066
(Gains)/losses on derecognition/ disposal of non-current assets	8,739	(55)	8,684	10,160	(9,792)	368
	<b>37,161</b>	<b>(55)</b>	<b>37,105</b>	<b>38,257</b>	<b>(9,792)</b>	<b>28,465</b>

## 3. Financing and Investment Income and Expenditure

	31 March 2021			31 March 2020		
	Gross Exp- enditure	Gross Income	Net Exp- enditure	Gross Exp- enditure	Gross Income	Net Exp- enditure
	£000	£000	£000	£000	£000	£000
Interest Payable and Similar Charges	16,009	0	16,009	16,190	0	16,190
Net Interest on the Net Defined Benefit Liability (Asset)	6,523	0	6,523	8,694	0	8,694
Interest receivable and similar income	0	(850)	(850)	0	(757)	(757)
Other investment income	0	(5,314)	(5,314)	0	(11,337)	(11,337)
Trading Services	2,848	(3,968)	(1,120)	2,777	(3,484)	(707)
Income and expenditure in relation to Investment Properties and changes in their fair value	7,318	(4,275)	3,043	4,661	(7,563)	(2,903)
Provision for credit loss	5,859	0	5,859	0	0	0
	<b>38,557</b>	<b>(14,407)</b>	<b>24,150</b>	<b>32,322</b>	<b>(23,141)</b>	<b>9,181</b>

#### 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:

	2020/21 £000	2019/20 £000
Council Tax Income	(95,320)	(85,186)
Retained Business Rates	(20,936)	(50,838)
Business Rates Top Up	(31,371)	(30,124)
New Homes Bonus Grant	(1,384)	(1,541)
Section 31 - Business Rates Grants	(40,166)	(9,108)
Other Non Ringfenced Government Grants	0	(1,093)
Covid-19 LA Support Grant	(13,804)	(7,675)
Other Capital Grants and Contributions	(14,777)	(15,870)
	<b>(217,758)</b>	<b>(201,435)</b>

#### 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 Taxation and non-specific grant income 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:

	2020/21 £000	2019/20 £000
Dedicated Schools Grant	(126,673)	(123,057)
Housing Benefit Subsidy Grant	(56,903)	(61,356)
Housing and Council Tax Benefit Administration Grant	(880)	(805)
Housing Benefit Discretionary Housing Payments Grant	(689)	(491)
Private Finance Initiative (PFI) Grant	(14,196)	(14,196)
Improved Better Care Fund	(11,061)	(11,061)
Better Care Fund	(11,775)	(11,253)
Social Care Grant	(7,197)	(1,971)
Winter Pressures Grant	(1,154)	(1,154)
Independent Living Fund	(726)	(726)
Pupil Premium Grant	(7,205)	(7,629)
Physical Education & Sport Grant	(821)	(983)
Universal Infant Free School Meals	(1,592)	(1,670)
Teachers Pay Grant	(1,114)	(975)
Teachers Pension Employer Contribution Grant	(3,374)	(1,931)
Adult Education Funding	(782)	(823)
Troubled Families Grant	(792)	(516)
Potholes & Reactive Maintenance grant	(1,500)	(135)
Rough Sleepers Initiative Grant	(634)	(442)
Asylum Seeker Children grant	(640)	(291)
Covid Grants	(18,555)	0
Other Grants	(6,065)	(6,124)
	<b>(274,329)</b>	<b>(247,591)</b>
<b>Capital Grants and Contributions</b>		
Schools Basic Need	0	(4,842)
Local Full Fibre Network Funding	(1,787)	(800)
Highways Maintenance Grant	(3,369)	(1,444)
Schools Capital Maintenance	(2,238)	(1,153)
Disabled Facilities Grant	(3,456)	(1,923)
Brownfield Homes Grant	(1,379)	0
Other Capital Grants and Contributions	(2,547)	(5,707)
	<b>(14,777)</b>	<b>(15,870)</b>

## 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 ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the 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 2020/21 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2020/21 before Academy recoupment	0	0	212,557
Academy figure recouped for 2020/21	0	0	(85,573)
<b>Total DSG after Academy recoupment</b>			<b>126,984</b>
Brought forward from 2019/20	0	0	(557)
Less: Carry forward to 2021/22 agreed in advance	0	0	(2,518)
<b>Agreed budget distribution for 2020/21</b>	<b>32,161</b>	<b>96,784</b>	<b>128,945</b>
In year adjustments	(311)	0	(311)
<b>Final budget distribution for 2020/21</b>	<b>31,850</b>	<b>96,784</b>	<b>128,634</b>
Actual central expenditure	30,643	0	30,643
Actual ISB deployed to schools	0	97,159	97,159
<b>Carry forward to 2021/22</b>	<b>1,207</b>	<b>(375)</b>	<b>(1,686)</b>

## 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:

	2020/21			2019/20		
	Expen- diture £000	Turnover £000	(Surplus)/ Deficit £000	Expen- diture £000	Turnover £000	(Surplus)/ Deficit £000
Cemeteries and Crematorium	1,560	(2,885)	(1,325)	1,375	(2,271)	(897)
Commercial Refuse Collection	164	(876)	(712)	80	(966)	(886)
Community Buildings	684	(78)	606	1,187	(148)	1,039
Building Control	168	(128)	40	136	(99)	37
<b>Total</b>	<b>2,576</b>	<b>(3,967)</b>	<b>(1,391)</b>	<b>2,778</b>	<b>(3,484)</b>	<b>(707)</b>

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## **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.*

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*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.*

	Usable Reserves			
	General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
<b>2020/21</b>				
<b>Adjustments to Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the CIES:</u>				
Charges for depreciation of non-current assets	(13,061)	0	0	13,061
Revaluation losses on Property Plant and Equipment (PPE)	(21,239)	0	0	21,239
Revaluation gains on PPE (used to reverse previous revaluation losses)	13,852	0	0	(13,852)
Movements in the market value of Investment Properties	(3,589)	0	0	3,589
Amortisation of Intangible Assets	(14)	0	0	14
Capital grant and contributions received in year	14,777	0	(5,617)	(9,160)
Revenue expenditure funded from Capital under Statute	(4,070)	0	0	4,070
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(8,739)	0	0	8,739
<u>Insertion of items not debited or credited to the CIES:</u>	0	0	0	0
Statutory provision for the financing of capital investment:	0	0	0	0
- Minimum Revenue Provision (MRP) for capital financing	6,962	0	0	(6,962)
- GM and Lancashire debt repayment	1,084	0	0	(1,084)
Capital expenditure charged against General Fund Balances	8,457	0	0	(8,457)
Capital grant and contributions received in previous years - applied	0	0	6,093	(6,093)
Use of the Capital Receipts Unapplied Account to finance capital expenditure	0	55	0	(55)
Adjustment to Asset Register Opening Balances				0
<b>Adjustments to Capital Receipts Unapplied Account:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	55	(55)	0	0
Disposal cost allowance	0	0	0	0
Contribution from the Capital Receipts Unapplied Account to finance the payments to the Government Capital Receipts Pool	0	0	0	0
<b>Adjustments to Deferred Capital Receipts Reserve:</b>				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	0	0	0
<b>Adjustments to Financial Instruments Adjustment Account:</b>				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	17	0	0	(17)
<b>Adjustments to Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(33,544)	0	0	33,544
Employer's pensions contributions and direct payments to pensioners payable in the year	21,304	0	0	(21,304)
<b>Adjustments to Collection Fund Adjustment Account:</b>				
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	(34,954)	0	0	34,954
<b>Adjustment to Accumulating Compensated Absences Adjustment Account:</b>				
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	(464)	0	0	464
<b>Total Adjustments</b>	<b>(53,166)</b>	<b>0</b>	<b>476</b>	<b>52,690</b>

	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balances £000	Capital Receipts Unapplied Account £000	Capital Grants and Other Contributions Unapplied Reserve £000	
<b>2019/20</b>				
<b>Adjustments to Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the CIES:</u>				
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
<u>Insertion of items not debited or credited to the CIES:</u>				
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	0	0	(3,618)
<b>Adjustments to Capital Receipts Unapplied Account:</b>				
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	0	0	0	0
<b>Adjustments to Deferred Capital Receipts Reserve:</b>				
Transfer to Capital Receipts Unapplied Account upon receipt of	0	0	0	0
<b>Adjustments to Financial Instruments Adjustment Account:</b>				
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)
<b>Adjustments to Pensions Reserve:</b>				
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)
<b>Adjustments to Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated	(10,706)	0	0	10,706
<b>Adjustment to Accumulating Compensated Absences Adjustment Account:</b>				
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
<b>Total Adjustments</b>	<b>(61,791)</b>	<b>534</b>	<b>(3,073)</b>	<b>64,330</b>

## 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.*

	2020/21 £000	2019/20 £000
General Fund Balances	(27,244)	(28,203)
Schools Balances	(9,354)	(7,057)
Earmarked Reserves (Note 11)	(148,369)	(118,473)
Capital Receipts Unapplied Account (Note 9b)	(3)	(3)
Capital Grants and Other Contributions Unapplied Reserve (Note 9c)	(19,947)	(20,423)
<b>Total</b>	<b>(204,917)</b>	<b>(174,159)</b>

## 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(4)</b>	<b>(537)</b>
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(55)	(9,792)
Use of the Capital Receipts Unapplied Account to finance new capital	55	10,059
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	0	0
Disposal cost allowance	0	265
<b>Balance at 31 March</b>	<b>(4)</b>	<b>(4)</b>

## 9c Capital Grants and Other Contributions Unapplied Reserve

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(20,423)</b>	<b>(17,350)</b>
Grants and contributions received in previous years - applied	6,093	5,890
Grants and contributions received in year - not applied	(5,616)	(8,963)
<b>Balance at 31 March</b>	<b>(19,947)</b>	<b>(20,423)</b>

## 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.*

*Further information on accounting for Financial Instruments can be found in Notes 19 and 20, and in the accounting policies in note 41.*

	2020/21 £000	2019/20 £000
Revaluation Reserve	(80,139)	(60,515)
Financial Instruments Revaluation Reserve	(29,641)	(27,751)
Capital Adjustment Account	(159,628)	(157,777)
Pensions Reserve	407,782	278,993
Available For Sale Financial Instruments Reserve	0	0
Collection Fund Adjustment Account	31,849	(3,105)
Short Term Accumulating Compensated Absences Account	3,715	3,251
Holding in Manchester Airport Group	(5,702)	(5,702)
Financial Instruments Adjustment Account	700	717
Deferred Capital Receipts	(7)	(7)
<b>Total</b>	<b>168,930</b>	<b>28,104</b>

### 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(60,515)</b>	<b>(50,687)</b>
Upward revaluation of assets	(37,743)	(19,616)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	11,220	7,498
Surplus or deficit on revaluation of non-current assets posted to the Surplus/Deficit on the Provision of Services	<b>(26,523)</b>	<b>(12,117)</b>
Difference between fair value and historical cost depreciation	1,263	732
Accumulated gains on assets sold or scrapped	5,636	1,558
Amount written off to the Capital Adjustment Account	<b>6,899</b>	<b>2,290</b>
<b>Balance at 31 March</b>	<b>(57,205)</b>	<b>(60,515)</b>



## 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.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>14,402</b>	<b>0</b>
Transfer from Available For Sale Financial Instruments Reserve	0	0
Revaluation of investment in Manchester Airport Group (MAG)	(1,890)	22,500
Revaluation of investment in Inspiredspaces Tameside (Holdings 1 & 2) Ltd	0	(8,098)
Surplus on revaluation of Financial Instrument Revaluation Reserve	<b>(1,890)</b>	<b>14,402</b>
<b>Balance at 31 March</b>	<b>12,512</b>	<b>14,402</b>

## 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.

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(157,777)</b>	<b>(176,858)</b>
Adjustment to Asset Register Opening Balances	0	(3,618)
<i>Reversal of items debited or credited to the CIES:</i>		
Charges for depreciation of non-current assets	13,061	12,388
Revaluation losses on Property, Plant and Equipment	21,239	53,460
Revaluation gains on Property, Plant and Equipment (used to reverse previous revaluation losses)	(13,852)	(18,460)
Amortisation of Intangible Assets	14	8
Revenue expenditure funded from capital under statute	4,070	3,547
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	8,739	10,160
	<b>33,272</b>	<b>57,486</b>
Adjusting amounts written out of the Revaluation Reserve	(6,899)	(2,290)
Net written out amount of the cost of non-current assets consumed in the year	<b>26,373</b>	<b>55,196</b>
<i>Capital financing applied in the year:</i>		
Use of the Capital Receipts Unapplied Account to finance new capital expenditure	(55)	(10,059)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(9,161)	(6,907)
Application of grants to capital financing from the Capital Grants and Other Contributions Unapplied Account	(6,093)	(5,890)
Statutory provision for the financing of capital investment charged against the General Fund	(8,048)	(7,785)
Capital expenditure charged against the General Fund and Reserves	(8,457)	(2,352)
	<b>(31,814)</b>	<b>(32,992)</b>
Movements in the market value of Investment Properties debited or credited to the CIES	3,589	(3,123)
<b>Balance at 31 March</b>	<b>(159,628)</b>	<b>(157,777)</b>

#### 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>278,993</b>	<b>359,396</b>
Remeasurement of net defined benefit liability	116,549	(112,644)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	33,544	52,375
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,304)	(20,134)
<b>Balance at 31 March</b>	<b>407,782</b>	<b>278,993</b>

## 10e 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>(3,105)</b>	<b>(13,811)</b>
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	34,954	10,706
<b>Balance at 31 March</b>	<b>31,849</b>	<b>(3,105)</b>

## 10f 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>3,251</b>	<b>3,220</b>
Settlement or cancellation of accrual made at the end of the preceding year	(3,251)	(3,220)
Amounts accrued at the end of the current year	3,715	3,251
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	<b>464</b>	<b>31</b>
<b>Balance at 31 March</b>	<b>3,715</b>	<b>3,251</b>

## 10g 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.

## 10h 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	<b>718</b>	<b>734</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(17)	(16)
<b>Balance at 31 March</b>	<b>701</b>	<b>718</b>

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## 10i 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.*

	2020/21 £000	2019/20 £000
<b>Balance at 1 April</b>	(7)	(7)
Transfer to the Capital Receipts Unapplied Account on receipt of cash	0	0
<b>Balance at 31 March</b>	(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 2020 £000	Net Movemen t2020/21 £000	Balance at 31 March 2021 £000	Balance at 1 April 2019 £000	Net Movemen t2019/20 £000	Balance at 31 March 2020 £000	Purpose of the Earmarked Reserve
Building Schools for the Future (BSF) Affordability Reserve	(9,026)	(667)	(9,694)	(7,815)	(1,211)	(9,026)	For further information please see Note 28.
Capital Investment Reserve	(14,593)	5,686	(8,908)	(16,287)	1,694	(14,593)	To be used to finance the Council's Capital Investment Programme.
Corporate Initiatives Reserve	0	0	0	(871)	871	0	To fund the implementation of projects that support the Council's cross-cutting corporate initiatives.
Early Exit Costs Reserve	0	0	0	(5,069)	5,069	0	To assist in meeting future years additional pension costs.
Earmarked Reserves with a balance at 31 March 2021 under £0.500m	(3,515)	243	(3,273)	(4,528)	1,012	(3,515)	Various
Hard Facilities Management Service Contract Reserve	(632)	40	(593)	(668)	36	(632)	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	(1,960)	289	(1,671)	(2,605)	646	(1,960)	Ringfenced Public Health reserve per section 10 of the Department of Health Grant determination.
Health Integration Reserve	(2,864)	1,960	(905)	(3,980)	1,116	(2,864)	To support the development and implementation of the Care Together Programme.
Insurance Reserves	(7,479)	468	(7,011)	(10,231)	2,752	(7,479)	An estimate of claims incurred but not reported. Includes element to cover any expenditure for insurance claims.
Medium Term Financial Strategy Reserve	(14,628)	2,388	(12,240)	(22,370)	7,741	(14,628)	To support the delivery of the Medium Term Financial Strategy.
PFI Reserve	(3,332)	(53)	(3,385)	(3,255)	(77)	(3,332)	For further information please see Note 28.
School Funding Reserve	457	1,096	1,553	(3,295)	3,752	457	Balance of Education grants to be utilised on Education and School related services.
Transport Replacement Fleet Reserve	(2,488)	(255)	(2,743)	(2,648)	160	(2,488)	To fund future maintenance of vehicles procured via Prudential Borrowing.
Unspent Revenue Grant and Contribution Reserve	(12,242)	(5,147)	(17,389)	(8,146)	(4,096)	(12,242)	Unspent revenue grant, with no conditions attached. IFRS require these grants to be classed as reserves.
Waste PFI Reserve	(1,515)	0	(1,515)	(6,515)	5,000	(1,515)	To smooth the impact of future years levy increases and associated managed collection costs.
IT Investment Fund	(780)	(268)	(1,048)	0	(780)	(780)	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 (i)	(21,563)	(30,702)	(52,265)	(10,871)	(10,692)	(21,563)	Additional business rates income from the 100% retention pilot, Council Tax Surplus and contingency for Collection Fund Deficits
Care Together	(15,000)	0	(15,000)	(10,800)	(4,200)	(15,000)	To assist any funding risks of the implementation of the Care Together Programme
Service Improvement	(5,500)	(2,712)	(8,212)	(5,500)	0	(5,500)	To support one off service improvements in future to allow services to balance budgets.
Greater Manchester Bus Reform Reserve	0	(1,450)	(1,450)	0	0	0	To fund Tameside's contribution towards the Greater Manchester Bus Reform
COVID 19 Grants Reserve	0	(829)	(829)	0	0	0	Specific COVID 19 grants held in reserve to be utilised in 2021/22
<b>Total</b>	<b>(118,473)</b>	<b>(29,914)</b>	<b>(148,387)</b>	<b>(127,267)</b>	<b>8,794</b>	<b>(118,473)</b>	

(i) Includes £31m of Section 31 business rates grant received to compensate the Council for lost business rates income over the period where businesses were closed due to COVID. This includes a separate allocation of £2.551m for income compensation for losses on business rates.

## **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 in 2019/20 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 current 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 basis required by proper accounting practice as outlined in the Code 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) – current value*

*Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current 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 periods of up to 40 years.*

*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 current 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 2020/21:

	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
<b>Cost or Valuation</b>								
At 1 April 2020	268,387	23,048	162,125	18,414	3,346	6,942	482,262	94,358
Adjustments to opening balance	0	0	0	0	0	0	0	0
<b>Revised Balance at 1 April 2020</b>	<b>268,387</b>	<b>23,048</b>	<b>162,125</b>	<b>18,414</b>	<b>3,346</b>	<b>6,942</b>	<b>482,262</b>	<b>94,358</b>
Additions	11,627	3,538	8,347	220	423	904	25,058	1,935
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20,908	0	0	0	5,615	0	26,523	5,248
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,072)	0	0	0	(315)	0	(7,387)	2,238
Accumulated Depreciation Written Out	(14,209)	0	0	0	0	0	(14,209)	(2,588)
Derecognition/disposal of non-current assets	(8,476)	(323)	0	0	(140)	(469)	(9,408)	0
Assets reclassified in year	4,158	0	0	0	0	(1,093)	3,065	0
Other movements	0	0	4,778	0	0	(4,778)	0	0
<b>At 31 March 2021</b>	<b>275,322</b>	<b>26,263</b>	<b>175,250</b>	<b>18,633</b>	<b>8,928</b>	<b>1,507</b>	<b>505,903</b>	<b>101,192</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2020	(6,845)	(8,346)	(35,798)	(3,590)	(128)	0	(54,707)	(192)
Adjustments to opening balance	0	0	0	0	0	0	0	0
<b>Revised Balance at 1 April 2020</b>	<b>(6,845)</b>	<b>(8,346)</b>	<b>(35,798)</b>	<b>(3,590)</b>	<b>(128)</b>	<b>0</b>	<b>(54,707)</b>	<b>(192)</b>
Depreciation charge	(8,270)	(1,627)	(3,164)	0	0	0	(13,061)	(2,396)
Accumulated Depreciation Written Out	14,209	0	0	0	0	0	14,209	2,588
Assets reclassified (to)/from Investment Property	0	0	0	0	0	0	0	0
Derecognition/disposal of non-current assets	487	282	0	0	0	0	769	0
<b>At 31 March 2021</b>	<b>(418)</b>	<b>(9,692)</b>	<b>(38,962)</b>	<b>(3,590)</b>	<b>(128)</b>	<b>0</b>	<b>(52,790)</b>	<b>(1)</b>
<b>Net Book Value</b>								
<b>At 31 March 2021</b>	<b>274,903</b>	<b>16,572</b>	<b>136,288</b>	<b>15,043</b>	<b>8,800</b>	<b>1,507</b>	<b>453,113</b>	<b>101,192</b>
<b>At 31 March 2020</b>	<b>261,542</b>	<b>14,702</b>	<b>126,327</b>	<b>14,824</b>	<b>3,218</b>	<b>6,942</b>	<b>427,555</b>	<b>94,166</b>
<b>Nature of asset owned at 31 March 2021</b>								
Owned	173,712	(84,621)	136,289	15,043	8,800	1,507	453,113	0
Finance Lease	0	0	0	0	0	0	0	0
PFI	101,192	101,193	(1)	0	0	0	0	101,192
<b>274,903</b>	<b>16,572</b>	<b>136,288</b>	<b>15,043</b>	<b>8,800</b>	<b>1,507</b>	<b>453,113</b>	<b>101,192</b>	

**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
<b><u>Cost or Valuation</u></b>								
At 1 April 2019	295,334	38,827	151,439	18,361	4,973	10,546	519,480	88,700
Adjustments to prior years	326	547	0	0	38	0	0	(2,569)
Additions	295,660	39,374	151,439	18,361	5,011	10,546	520,391	86,131
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,099	1,337	10,686	53	3	12,518	31,696	2,401
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	11,011	0	0	0	1,106	0	12,117	5,021
Accumulated Depreciation Written Out	(31,676)	0	0	0	(53)	(3,272)	(35,000)	4,548
Derecognition/disposal of non-current assets	(13,056)	0	0	0	0	0	(13,056)	(3,742)
Assets reclassified in year	(5,286)	(17,663)	0	0	(3,044)	0	(25,993)	0
Other movements	4,635	0	0	0	323	(12,850)	(7,892)	0
<b>At 31 March 2020</b>	<b>564,047</b>	<b>62,422</b>	<b>313,564</b>	<b>36,775</b>	<b>8,357</b>	<b>17,488</b>	<b>1,001,742</b>	<b>180,489</b>
<b><u>Accumulated Depreciation and Impairment</u></b>								
At 1 April 2019	(16,020)	(23,829)	(32,833)	(3,590)	(128)	0	(76,400)	(2,564)
Adjustments to prior year	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
<b>At 31 March 2020</b>	<b>(19,270)</b>	<b>(32,710)</b>	<b>(68,631)</b>	<b>(7,180)</b>	<b>(256)</b>	<b>0</b>	<b>(128,047)</b>	<b>(2,756)</b>
<b><u>Net Book Value</u></b>								
<b>At 31 March 2020</b>	<b>261,542</b>	<b>14,702</b>	<b>126,327</b>	<b>14,824</b>	<b>3,218</b>	<b>6,942</b>	<b>427,555</b>	<b>94,166</b>
<b>At 31 March 2019</b>	<b>279,314</b>	<b>14,998</b>	<b>118,606</b>	<b>14,771</b>	<b>4,845</b>	<b>10,546</b>	<b>443,080</b>	<b>86,136</b>
<b><u>Nature of asset owned at 31 March 2020</u></b>								
Owned	166,992	14,702	126,327	14,824	3,218	6,942	333,005	94,166
Finance Lease	0	0	0	0	0	0	0	0
PFI	94,550	0	0	0	0	0	94,550	0

**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 was been revised to 31 March. This change in the valuation date had the impact of reducing the in year depreciation charge to the CIES by an estimated £718k in 2019/20 and the impact on future periods is not material. Valuations as at 31 March 2021 have been undertaken by Align Property Partners, First Floor, Morgan House, Mount View, Standard Way, Northallerton, DL6 2YD. An analysis of the Council’s rolling programme of revaluations is set out below:

	Land and Buildings £000	Vehicles, Plant and Equipment	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Historical Cost</b>							
Current Value at year end:							
Valued at Historic Cost	270	26,262	175,251	18,634	0	1,507	221,924
31 March 2017	2	0	0	0	0	0	2
31 March 2018	0	0	0	0	0	0	0
31 March 2019	0	0	0	0	148	0	148
31 March 2020	0	0	0	0	2	0	2
31 March 2021	275,049	0	0	0	8,778	0	283,827
<b>Total Cost or Valuation</b>	<b>275,321</b>	<b>26,262</b>	<b>175,251</b>	<b>18,634</b>	<b>8,928</b>	<b>1,507</b>	<b>505,903</b>

#### 12d. Assets Held for Sale

	2020/21 £000	2019/20 £000
<b>Balance at start of the year</b>	<b>539</b>	<b>1,230</b>
Adjustments to opening balance	0	(691)
<b>Revised balance at start of year</b>	<b>539</b>	<b>539</b>
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
<b>Balance at end of the year</b>	<b>539</b>	<b>539</b>

#### 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. The revaluation scheduled for 2020 has been delayed due to COVID.*

	Civic Regalia £000	Art Collection £000	Militaria £000	Statues and Other Monuments £000	Total Heritage Assets £000
<b>Cost or Valuation</b>					
At 31 March 2020	640	13,457	2,012	911	17,020
At 31 March 2021	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.

	2020/21 £000	2019/20 £000
Rental income from investment property	(2,648)	(1,847)
Direct operating expenses arising from investment property	2,102	2,067
Gains in fair value of investment property	(1,627)	(5,717)
Losses in the fair value of investment property	5,216	2,594
<b>Net position</b>	<b>3,043</b>	<b>(2,903)</b>

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

	2020/21 £000	2019/20 £000
<b>Balance at start of the year</b>	<b>38,134</b>	<b>28,707</b>
Adjustments to opening balance	0	327
<b>Revised Balance at start of year</b>	<b>38,134</b>	<b>29,034</b>
Additions	21	215
Movements in the fair value of investment property	(3,590)	3,123
Derecognition/disposal of non-current assets	(100)	(2,088)
Assets reclassified in year	(3,065)	7,850
<b>Balance at end of the year</b>	<b>31,400</b>	<b>38,133</b>

#### 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.

	2020/21 £000	2019/20 £000
Gross carrying amount	1,591	1,963
Adjustment to gross carrying amount	0	(5)
<b>Revised gross carrying amount</b>	<b>1,591</b>	<b>1,958</b>
Accumulated amortisation	(1,527)	(1,930)
adjustment to accumulated amortisation	0	10
<b>Revised accumulated amortisation</b>	<b>(1,527)</b>	<b>(1,920)</b>
<b>Balance at start of the year</b>	<b>64</b>	<b>38</b>
In year amortisation	(14)	(8)
Additions	1,027	33
<b>Balance at end of the year</b>	<b>1,077</b>	<b>63</b>

## 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

	2020/21 £000	2019/20 £000
<b>Opening CFR plus PFI added in Year</b>	<b>284,959</b>	<b>280,590</b>
<u>Capital Investment</u>		
Property, Plant and Equipment	25,058	31,696
Investment Properties	21	215
Revenue Expenditure Funded from Capital under Statute	4,070	3,547
Other Long Term Investments	9,677	0
Manchester Airport Investment	3,740	1,870
<u>Sources of Finance</u>		
Capital Receipts	(55)	(10,059)
Government Grants and Other Contributions	(15,253)	(12,797)
Capital expenditure charged against General Fund Balances	(8,457)	(2,352)
Minimum Revenue Provision	(8,048)	(7,785)
<b>Closing CFR</b>	<b>296,739</b>	<b>284,959</b>

Explanation of movements in year:

	2020/21 £000	2019/20 £000
Change in Underlying Need to Borrow	14,476	7,119
Principal Element of Finance Lease Repayments	(5)	(5)
Principal Element of PFI Lease Repayments	(2,691)	(2,745)
<b>Increase / (decrease) in CFR</b>	<b>11,780</b>	<b>4,369</b>

## 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 2021/22 and future years which are shown below:*

	31 March 2021 £000
Aldwyn Primary School	2,429
St John's Primary School	1,064
Droylsden Library	1,058
<b>Total</b>	<b>4,551</b>

## 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.*

	2020/21 £000	2019/20 £000
Inspiredspaces Tameside (Holdings 1) Ltd	1,739	1,739
Inspiredspaces Tameside (Holdings 2) Ltd	3,007	3,054
Manchester Airport Loans	29,632	19,955
Manchester Airport Deferred Income	4,030	1,085
Active Tameside	3,038	3,074
Other Long Term Debtors	116	122
Provision for Credit Loss	(4,682)	0
<b>Total</b>	<b>36,881</b>	<b>29,028</b>

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

Manchester Airport – The Council's share of loan debt relating to the construction of Terminal 2 and the Council's share of debt owing to the Greater Manchester Metropolitan Debt Administration Fund by the Airport. The Airport pays annual fixed interest of 12% on both and will repay the loans by 2055. In 2018/19 the Council advanced two further loans to Manchester Airport Group (MAG) at a total value of £11.278m at an interest rate of 10%. These loans mature in 2056 and 2057. In 2020/21 a further £9.677m was advanced to MAG also at an interest rate of 10%, repayable in 2058.

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Since March 2020, the interest due to the Council on its investments in Manchester has been accrued but no cash has yet been received.

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.

In 2020/21, the Council determined that a provision for credit loss was required as a result of market uncertainty due to the ongoing Covid-19 pandemic.

## 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 2021		31 March 2020	
	Long Term £000	Current £000	Long Term £000	Current £000
Loans and Receivables Principal Amount	3,000	91,266	28,000	115,096
Adjustment for amortised cost	38	750	291	567
Amounts treated as Cash Equivalents	0	(33,260)	0	(50,598)
<b>Financial Assets at amortised cost</b>	<b>3,038</b>	<b>58,756</b>	<b>28,291</b>	<b>65,065</b>
Other Investments	23	0	33	0
<u>Fair Value through Other Comprehensive Income</u>				
Inspiredspaces Tameside (Holdings 1) Ltd	3,288	0	3,288	0
Inspiredspaces Tameside (Holdings 2) Ltd	6,839	0	6,839	0
Manchester Airport Group (MAG)	32,000	0	30,200	0
Manchester Airport Group (MAG) Additional Shareholding	5,700	0	1,870	0
<b>Total Investments</b>	<b>50,887</b>	<b>58,756</b>	<b>70,521</b>	<b>65,065</b>
Investments treated as Cash Equivalents	0	33,260	0	50,598
Other Cash	0	17,080	0	1,834
Debtors	36,881	28,091	29,029	23,076
<b>Total Financial Assets</b>	<b>87,768</b>	<b>137,187</b>	<b>99,551</b>	<b>140,573</b>

## Financial Liabilities

	31 March 2021		31 March 2020	
	Long Term £000	Current £000	Long Term £000	Current £000
Financial Liabilities Principal Amount	140,640	18,567	141,186	12,427
Adjustment for Amortised Cost	734	1,122	549	1,131
Financial Liabilities at amortised cost	141,374	19,690	141,735	13,558
<b>Total Borrowing</b>	<b>141,374</b>	<b>19,690</b>	<b>141,735</b>	<b>13,558</b>
Creditors	0	66,300	0	38,800
PFI, leases & transferred debt	97,799	2,821	102,736	2,796
<b>Total Financial Liabilities</b>	<b>239,173</b>	<b>88,811</b>	<b>244,471</b>	<b>55,154</b>

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 2021 £000	31 March 2020 £000
<b>Fair Value through Other Comprehensive Income</b>				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see below)	3,288	3,288
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see below)	6,839	6,839
Manchester Airport Group (MAG)	Level 2	Market Value	32,000	30,200
Manchester Airport Group (MAG) Additional	Level 2	Market Value	5,700	1,870
<b>Total</b>			<b>47,826</b>	<b>42,197</b>

With the adaption 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 are unchanged in year.

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 an increase of £1.800m in the fair value of the Council's ordinary shareholding during the accounting period. Ordinarily, the Council would receive dividend income from the investment, which is included in Financing and Investment Income and Expenditure. However, no dividend income was received in 2020/21 as a result of the ongoing Covid-19 pandemic. The Council remains highly unlikely to dispose of its shareholding.

MAG Additional Shareholding - an additional £3.740m of investment was made in year bringing the Council's total additional shareholding to £5.610m. An external valuation of £5.700m was obtained on this shareholding.

	31 March 2021		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	101,008	166,067	100,496	127,087
Non PWLB Debt	50,000	87,456	53,320	69,404
<b>Total</b>	<b>151,008</b>	<b>253,522</b>	<b>153,817</b>	<b>196,490</b>

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 £101.618m would be valued at £136.293m. 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 £34.674m, principal of £101.008m and accrued interest of £0.610m, totalling £136.293m..

The Council's financial assets are as follows:

	31 March 2021		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<u>Money Market Loans</u>				
Less Than 1 Year	92,016	92,016	115,663	115,663
Greater Than 1 Year	3,038	3,038	28,291	28,291
Long Term Debtors	36,881	36,881	29,029	29,029
<b>Total Loans and Receivables</b>	<b>131,935</b>	<b>131,935</b>	<b>172,984</b>	<b>172,984</b>

#### • Mark to Model Valuation for Financial Instruments

As at 31st March the Council held £131.935m financial assets and £151.008m 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;

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
<b>Gains or Losses on:</b>		
Financial Assets at Fair Value Through Other Comprehensive Income	1,889	(14,401)
<b>Interest Income</b>		
Financial Assets at Amortised Cost	(1,860)	(3,098)
Financial Assets at Fair Value Through Other Comprehensive Income	(3,297)	(8,995)
<b>Total Interest Income</b>	<b>(5,157)</b>	<b>(12,093)</b>
<b>Interest Expense</b>	<b>16,009</b>	<b>16,190</b>

## 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 2020/21 Budget Report, which incorporates the prudential indicators, was approved by Council in February 2020 and is available on the Council website. The key indicators were::

Indicator	Limit	Outturn
Ratio of financing costs to net revenue stream	4.6%	4.5%
Capital financing requirement	£191,128,347.18	£191,128,347.18
Capital expenditure in year	£79,710,000.00	£43,593,347.77
Incremental impact on capital investment decisions	£4.24	£0.29
Authorised limit for external debt	£222,431,038.57	£151,159,736.78
Operational boundary for external debt	£202,431,038.57	£151,159,736.78
Upper limit for fixed interest rate exposure	£191,128,347.18	£21,333,860.87
Upper limit for variable interest rate exposure	£63,709,449.06	(£64,115,382.04)
Upper limit for total principal sums invested for over 364 days	£30,000,000.00	£3,000,000.00

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 2020/21 was approved by Full Council on 25 February 2020 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 £38.260m 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 2021 £000	Credit Rating	Historical experience of default %	Estimated maximum exposure to default £000
<b>Banks and Financial Institutions</b>				
Morgan Stanley - MMF	15,000	AAA	0.04	6
Invesco - MMF	9,480	AAA	0.04	4
DB Advisors - MMF	8,300	AAA	0.04	3
Aberdeen - MMF	480	AAA	0.04	0
DBS	5,000	AA-	0.02	1
<b>Total</b>	<b>38,260</b>			<b>14</b>
Other Local Authorities	56,000	N/A	N/A	N/A
<b>Total</b>	<b>94,260</b>			<b>14</b>

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

The Council does not generally allow credit for its trade debtors. 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 £12.728m net of impairment was outstanding and is analysed by age below:

	31 March 2021 £000	31 March 2020 £000
Less than three months	4,046	3,450
Three to four months	215	351
More than four months	8,466	8,067
<b>Total</b>	<b>12,728</b>	<b>11,868</b>

## 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:

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Less than one year	91,266	115,096
Greater than one year	3,000	28,000
<b>Total</b>	<b>94,266</b>	<b>143,096</b>

## 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:

	<b>Approved maximum limits %</b>	<b>Approved minimum limits %</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Less than one year	15	0	18,567	12,424
Between one and two years	15	0	1,222	359
Between two and five years	30	0	3,393	4,801
Between five and ten years	40	0	3,550	3,550
More than ten years	100	50	132,475	132,475
<b>Total</b>			<b>159,207</b>	<b>153,610</b>

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## 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 2021 £000	31 March 2020 £000
Decrease in the fair value of fixed rate borrowings liabilities (no impact on CIES)	49,157	60,330

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 £36.001m.

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 £32m. 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.

	2020/21 £000	2019/20 £000
Balance outstanding at start of year	1,344	572
Purchases	1,039	1,541
Recognised as an expense in the year	(901)	(770)
Balance outstanding at year end	<b>1,482</b>	<b>1,344</b>

### 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.

	2020/21 £000	2019/20 £000
Central Government Bodies	7,863	5,780
NHS Bodies	41	266
Other Local Authorities	2,693	288
Other Entities and Individuals	55,097	55,905
Public Corporations and Trading Funds	0	0
Allowance for Bad or Doubtful Debts	(15,761)	(12,604)
	<b>49,933</b>	<b>49,635</b>
Capital Debtors	3,610	1,133
Payments In Advance	4,321	7,199
Transferred Services	32	32
<b>Total</b>	<b>57,896</b>	<b>57,999</b>

### 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.



	2020/21 £000	2019/20 £000
Cash held by the Council	6	6
Short Term Investments	33,260	50,598
Bank Current Accounts	17,074	1,828
Bank Overdraft	0	0
<b>Total</b>	<b>50,341</b>	<b>52,432</b>

## CURRENT LIABILITIES

### 24. Short Term Creditors

*Short Term Creditors comprise amounts owed by the Council for work done, goods received or services rendered, for which payment has not been received at the Balance Sheet date.*

	2020/21 £000	2019/20 £000
Central Government Bodies	(18,404)	(3,905)
NHS Bodies	(349)	(70)
Other Local Authorities	(952)	(762)
Other Entities and Individuals	(30,290)	(36,462)
Public Corporations and Trading Funds	0	1,501
<b>Total</b>	<b>(49,995)</b>	<b>(39,698)</b>
Capital Creditors	(1,146)	(1,443)
Deposits and Receipts in Advance	(14,528)	(11,403)
Short Term Accumulating Compensated Absences	(3,715)	(3,251)
<b>Total</b>	<b>(69,384)</b>	<b>(55,795)</b>

### 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
<b>2020/21</b>				
Pension Liability	30	(372,635)	0	(372,635)
PFI	28	(94,058)	(2,816)	(96,873)
Finance Leases	27	(2,595)	(5)	(2,600)
Former Transferred Debt		(1,147)	0	(1,147)
Rent Deposit on Leased Buildings		(33)	0	(33)
<b>Total</b>		<b>(470,467)</b>	<b>(2,821)</b>	<b>(473,288)</b>
<b>2019/20</b>				
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)
<b>Total</b>		<b>(380,728)</b>	<b>(2,696)</b>	<b>(383,425)</b>

**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.

## 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.*

	<b>Business Rate Appeals £000</b>	<b>Insurance Fund £000</b>	<b>Other Provisions £000</b>	<b>Total £000</b>
<b>Balance at 1 April 2020</b>	<b>(12,234)</b>	<b>(3,966)</b>	<b>(371)</b>	<b>(16,571)</b>
Additional provisions made in the period	(3,258)	0	(42)	(3,300)
Provision - written back	0	896	0	896
Amounts used	547	281	20	848
<b>Provision Balance at 31 March 2021</b>	<b>(14,945)</b>	<b>(2,789)</b>	<b>(393)</b>	<b>(18,126)</b>
Long Term Provision	0	(2,789)	(393)	(3,182)
Short term Provision	(14,945)	0	0	(14,945)
<b>Total</b>	<b>(14,945)</b>	<b>(2,789)</b>	<b>(393)</b>	<b>(18,126)</b>

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:

	2020/21 £000	2019/20 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	(5)	(5)
- non-current	(2,595)	(2,600)
Finance costs payable in future years	(18,697)	(18,949)
<b>Minimum lease payments</b>	<b>(21,297)</b>	<b>(21,554)</b>

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

	Minimum Lease Payments 2020/21 £000	Minimum Lease Liabilities 2020/21 £000	Minimum Lease Payments 2019/20 £000	Minimum Lease Liabilities 2019/20 £000
Not later than one year	(256)	(5)	(258)	(5)
Later than one year and not later than five years	(1,025)	(26)	(1,025)	(24)
Later than five years	(20,016)	(2,569)	(20,273)	(2,576)
	<b>(21,297)</b>	<b>(2,600)</b>	<b>(21,556)</b>	<b>(2,605)</b>

### 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:

	2020/21 £000	2019/20 £000
Not later than one year	4	7
Later than one year and not later than five years	1	1
	<b>5</b>	<b>8</b>

The expenditure charged to Cost of Services in the CIES during the year in relation to these leases was:

	2020/21 £000	2019/20 £000
Minimum lease payments	9	10

### 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:

	2020/21 £000	2019/20 £000
Not later than one year	1,418	1,395
Later than one year and not later than five years	5,194	5,291
Later than five years	81,871	92,366
	<b>88,483</b>	<b>99,052</b>

## 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

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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:

	<b>Pyramid Schools (Tameside) Limited £000</b>	<b>Inspiredspac es Tameside (Hold Co1) Limited £000</b>	<b>Inspiredspac es Tameside (Hold Co2) Limited £000</b>	<b>Total £000</b>
<b><u>Cost or Valuation</u></b>				
1st April 2020	18,942	28,154	47,263	94,359
adjustment	0	0	0	0
Revised Opening	<b>18,942</b>	<b>28,154</b>	<b>47,263</b>	<b>94,359</b>
Additions	204	50	1,681	1,935
Revaluation losses	2,872	(2,617)	4,643	4,899
<b>At 31 March 2021</b>	<b>22,018</b>	<b>25,588</b>	<b>53,587</b>	<b>101,193</b>
<b><u>Accumulated Depreciation and Impairment</u></b>				
At 1st April 2020	0	0	(192)	(191)
Depreciation charge	(581)	(687)	(1,129)	(2,396)
Revaluation losses	581	687	1,320	2,588
<b>At 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
<b><u>Net Book Value</u></b>				
<b>At 31 March 2021</b>	22,018	25,588	53,587	<b>101,193</b>
<b>Adjusted 1 April 2020</b>	18,942	28,155	47,071	<b>94,168</b>
<b>At 31 March 2020</b>	18,942	28,155	47,071	<b>94,168</b>

Details of the comparative movements in PFI assets are below:

	<b>Pyramid Schools (Tameside) Limited £000</b>	<b>Inspiredspac es Tameside (Hold Co1) Limited £000</b>	<b>Inspiredspac es Tameside (Hold Co2) Limited £000</b>	<b>Total £000</b>
<b><u>Cost or Valuation</u></b>				
1st April 2019	19,695	26,820	42,186	88,701
* Adjustment to correct opening balance	804	(1,733)	(1,641)	(2,570)
Revised 1 April 2019	20,499	25,087	40,545	86,131
Additions	743	73	1,585	2,401
Revaluation losses	(2,300)	2,994	5,133	5,827
<b>At 31 March 2020</b>	<b>18,942</b>	<b>28,154</b>	<b>47,263</b>	<b>94,359</b>
<b><u>Accumulated Depreciation and Impairment</u></b>				
At 1st April 2019	(387)	(482)	(1,695)	(2,563)
* Adjustment to correct opening balance	0	0	0	0
Revised 1 April 2019	0	0	0	0
Depreciation charge	(330)	(403)	(637)	(1,370)
Revaluation losses	717	885	2,140	3,742
<b>At 31 March 2020</b>	<b>387</b>	<b>482</b>	<b>1,503</b>	<b>2,372</b>
<b><u>Net Book Value</u></b>				
<b>At 31 March 2020</b>	<b>18,942</b>	<b>28,155</b>	<b>47,071</b>	<b>94,168</b>
<b>Adjusted 1 April 2019</b>	<b>20,112</b>	<b>24,606</b>	<b>38,850</b>	<b>83,568</b>
<b>At 31 March 2019</b>	<b>0</b>	<b>26,339</b>	<b>40,491</b>	<b>66,830</b>

Details of movements in PFI liabilities in the accounting period are below:

	<b>Pyramid Schools (Tameside) Limited £000</b>	<b>Inspiredspac es Tameside (Hold Co1) Limited £000</b>	<b>Inspiredspac es Tameside (Hold Co2) Limited £000</b>	<b>Total £000</b>
Liability outstanding at 1 April 2020	(11,690)	(32,331)	(55,544)	(99,565)
Payments made During the year	335	836	1,520	2,691
<b>Liability outstanding at 31 March 2021</b>	<b>(11,355)</b>	<b>(31,495)</b>	<b>(54,024)</b>	<b>(96,874)</b>
Short term Finance Lease liability (2020-21)	(349)	(1,043)	(1,423)	(2,815)
Long term finance lease liability (Future Years)	(11,006)	(30,451)	(52,601)	(94,059)
	<b>(11,355)</b>	<b>(31,495)</b>	<b>(54,024)</b>	<b>(96,874)</b>



Details of comparative movements in PFI liabilities are below:

	<b>Pyramid Schools (Tameside) Limited £000</b>	<b>Inspiredspaces Tameside (Hold Co1) Limited £000</b>	<b>Inspiredspaces Tameside (Hold Co2) Limited £000</b>	<b>Total £000</b>
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
<b>Liability outstanding at 31 March 2020</b>	<b>(11,690)</b>	<b>(32,331)</b>	<b>(55,544)</b>	<b>(99,565)</b>
Short term Finance Lease liability (2019-20)	(335)	(836)	(1,520)	(2,691)
Long term finance lease liability (Future Years)	(11,355)	(31,495)	(54,024)	(96,874)
	<b>(11,690)</b>	<b>(32,331)</b>	<b>(55,544)</b>	<b>(99,565)</b>

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:

	<b>31 March 2021</b>		<b>31 March 2020</b>	
	<b>Carrying</b>	<b>Fair Value</b>	<b>Carrying</b>	<b>Fair Value</b>
PFI Liabilities	96,874	170,343	99,565	172,593
<b>Total PFI Liabilities</b>	<b>96,874</b>	<b>170,343</b>	<b>99,565</b>	<b>172,593</b>

The table below summarises the estimated basic contract payment values for each PFI contract:

	<b>Payments</b>					<b>Indexation</b>	<b>Contract Expiry</b>
	<b>Liability</b>	<b>Finance</b>	<b>Contingent</b>	<b>Service</b>	<b>Total</b>		
<b>Pyramid Schools (Tameside) Limited</b>							
Payments within 1 year	349	1,218	507	1,710	3,784	RPI	2033
Payments within 2 to 5 years	2,675	4,349	2,622	5,865	15,512		
Payments within 6 to 10 years	5,465	3,377	4,130	8,103	21,074		
Payments within 11 to 15 years	2,866	467	1,830	3,030	8,193		
	<b>11,355</b>	<b>9,410</b>	<b>9,089</b>	<b>18,708</b>	<b>48,563</b>		
<b>Inspiredspaces Tameside</b>							
Payments within 1 year	1,043	2,842	727	2,347	6,960	RPIX	2036
Payments within 2 to 5 years	5,533	10,259	3,544	9,727	29,062		
Payments within 6 to 10 years	9,138	9,621	5,575	15,624	39,958		
Payments within 11 to 15 years	14,091	4,636	7,326	18,000	44,053		
Payments within 16 to 20 years	1,689	64	790	1,252	3,794		
	<b>31,495</b>	<b>27,423</b>	<b>17,961</b>	<b>46,949</b>	<b>123,827</b>		
<b>Inspiredspaces Tameside (ProjectCo2) Limited</b>							
Payments within 1 year	1,423	5,366	692	3,599	11,079	RPIX	2038
Payments within 2 to 5 years	8,808	19,739	3,602	13,263	45,412		
Payments within 6 to 10 years	13,826	19,231	5,716	22,860	61,633		
Payments within 11 to 15 years	21,369	11,090	7,526	26,931	66,915		
Payments within 16 to 20 years	8,599	969	2,624	7,557	19,750		
	<b>54,024</b>	<b>56,394</b>	<b>20,161</b>	<b>74,211</b>	<b>204,790</b>		

## 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.

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*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 2020/21 the Council paid £10.090m to the Teachers' Pension Agency in respect of the employers' contribution rate for teacher's pensions (£8.835m in 2019/20). These contributions are based on a national rate of 24.18% from September 2020 this financial year, this is an increase of 0.5% from last years 19/20 percentage of 23.68%.

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 2020/21 these costs amounted to £1.631m (£1.713m in 2019/20). 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 2020/21, the Council paid £0.029m (£0.039m in 2019/20) to the NHS Pension Scheme in respect of former NHS staff retirement benefits. These contributions are based on a national rate of 14.38% 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 2020/21.

**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 2020/21 the Council paid an employer's contribution of £18.344m (£17.017m in 2019/20) into the Fund representing 19.9% (19.9% in 2019/20) of pensionable pay. The Council also paid £1.433m in 2020/21 (£1.433m in 2019/20) for pension payments relating to added years that it has awarded.

## 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.

In 2019/20, the figures used in the financial statements were taken from the Actuary's report in June 2020. The Actuary updated the 2019/20 estimates in September 2020 however the change was not considered to be material and no amendments were made to the 2019/20 Statement of Accounts. The opening balances used by the Actuary for 2020/21 reflect the September report – as a result an adjustment is reflected below to the opening balances.

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

	2020/21 £000	2019/20 £000
<b>Service Cost</b>		
- Current service costs	31,434	38,627
- Past service costs (including curtailments)	168	5,054
	(1,314)	0
<b>Total Service Cost</b>	<b>30,288</b>	<b>43,681</b>
<b>Financing and Investment Income and Expenditure</b>		
- Interest income on scheme assets	(20,219)	(23,572)
- Interest cost on defined benefit obligation	26,742	32,266
<b>Total Net Interest</b>	<b>6,523</b>	<b>8,694</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>36,811</b>	<b>52,375</b>
<b>Remeasurements of the Net Defined Liability</b>		
- Adjustment to opening balance	(5,155)	0
- Return on plan assets excluding amounts included in net interest	(177,385)	101,271
- Actuarial losses arising from changes in demographic assumptions	7,937	(37,895)
- Actuarial losses arising from changes in financial assumptions	302,224	(92,824)
- Other experience	(11,072)	(83,196)
<b>Total Remeasurements Recognised in Other Comprehensive Income and Expenditure</b>	<b>121,704</b>	<b>(112,644)</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>158,515</b>	<b>(60,269)</b>
<b>Movement in Reserves Statement</b>		
- Adjustment to opening balance	3,267	0
- Reversal of net charges made to the surplus or deficit on provision of services	(36,811)	(52,375)
- Employers' Contribution payable to the scheme	21,304	20,134

### 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:

	2020/21 £000	2019/20 £000
Fair value of employers assets	1,116,432	889,895
Present value of funded liabilities	(1,452,086)	(1,132,619)
Present value of unfunded liabilities	(36,987)	(36,269)
<b>Net liability arising from Defined Benefit obligation</b>	<b>(372,641)</b>	<b>(278,993)</b>

Reconciliation of the Movements in Fair Value of Scheme Assets:

	2020/21 £000	2019/20 £000
Opening fair value of scheme assets	889,895	992,523
Adjustment to opening balance	5,154	0
Opening fair value of scheme assets after adjustments	<b>895,049</b>	<b>992,523</b>
Interest income	20,219	23,572
Effect of settlements	(2,149)	0
<u>Remeasurement gain</u>	0	0
- Return on plan assets excluding amounts included in net interest	177,385	(101,271)
Contributions from employer	19,922	(30,554)
Contributions from employees into the scheme	6,006	5,625
Benefits paid	0	0
<b>Closing fair value of scheme assets</b>	<b>1,116,432</b>	<b>889,895</b>

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation):

	2020/21 £000	2019/20 £000
Opening fair value of scheme liabilities	(1,168,888)	(1,337,666)
Adjustment to opening balance	3,268	0
Opening fair value of scheme liabilities after adjustments	<b>(1,165,620)</b>	<b>(1,337,666)</b>
Current service cost	(31,434)	(38,627)
Interest cost	(26,742)	(32,266)
Contributions from scheme participants	(6,006)	(5,625)
Effect of settlements	3,463	0
<u>Remeasurement gain</u>	0	0
- Actuarial losses arising from changes in financial assumptions	(302,224)	92,825
- Actuarial losses arising from changes in demographic assumptions	(7,937)	37,896
- Other experience	11,072	83,197
Past service cost	(168)	(5,054)
Benefits paid	36,522	36,432
<b>Closing fair value of scheme liabilities</b>	<b>(1,489,074)</b>	<b>(1,168,888)</b>

Fair Value of Employer Assets:

Asset Category	31 March 2021				31 March 2020			
	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	%
<b>Equity Securities:</b>								
Consumer	97,966	0	97,966	9%	80,790	0	80,790	9%
Manufacturing	87,249	0	87,249	8%	68,352	0	68,352	8%
Energy and Utilities	54,139	0	54,139	5%	51,169	0	51,169	6%
Financial Institutes	117,277	0	117,277	11%	98,904	0	98,904	11%
Health and Care	55,800	0	55,800	5%	40,126	0	40,126	5%
Information Technology	58,970	0	58,970	5%	35,694	0	35,694	4%
Other	18,038	0	18,038	2%	18,565	0	18,565	2%
<b>Debt Securities:</b>								
Corporate Bonds (investment grade)	53,964	0	53,964	5%	33,652	0	33,652	4%
Corporate Bonds (non-investment grade)	0	0	0	0%	0	0	0	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	14,503	0	14,503	1%	28,701	0	28,701	3%
<b>Private Equity:</b>								
All	0	66,449	66,449	6%	0	45,943	45,943	5%
<b>Real Estate:</b>								
UK Property	0	41,715	41,715	4%	0	37,496	37,496	4%
<b>Investment funds and Unit Trusts:</b>								
Equities	100,312	0	100,312	9%	89,293	0	89,293	10%
Bonds	141,485	0	141,485	13%	102,751	0	102,751	12%
Infrastructure	0	56,913	56,913	5%	0	43,173	43,173	5%
Other	24,199	106,151	130,350	12%	22,316	78,855	101,171	11%
<b>Derivatives:</b>								
Other	-896	0	-896	0%	0	0	0	0%
<b>Cash and Cash Equivalents:</b>								
All	22,188	0	22,188	2%	14,116	0	14,116	2%
<b>Totals</b>	<b>845,194</b>	<b>271,238</b>	<b>1,116,432</b>	<b>100%</b>	<b>684,427</b>	<b>205,468</b>	<b>889,895</b>	<b>100%</b>

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 valuation.

The significant assumptions used by the actuary in his assessment are as follows:

	2020/21	2019/20
<b>Mortality assumptions *</b>		
Longevity at 65 for current pensioners:		
Men	20.5 years	20.5 years
Women	23.3 years	23.1 years
Longevity at 65 for future pensioners:		
Men	21.9 Years	22.0 years
Women	25.3 years	25.0 years
Rate of inflation	2.85%	1.90%
Rate of increase in salaries	3.60%	2.70%
Rate of increase in pensions	2.85%	1.90%
Rate for discounting scheme liabilities	2.00%	2.30%

\* 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 2021	Approximate % change to Employer Liability	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	146,939
0.5% increase in the Salary Increase Rate	1%	13,213
0.5% increase in the Pension Increase Rate	9%	130,681

### d. Impact on the Council's Cash Flows

As the Administering Authority of Greater Manchester Pension Fund (the Fund), the Council has prepared a Funding Strategy Statement (FSS) which sets out the funding objectives for the Fund. The main valuation objectives within the FSS are to hold sufficient assets to meet the cost of members' accrued pension benefits on the target funding basis and to set employer contribution rates which ensure the long term solvency and cost efficiency of the Fund.

The most recent actuarial valuation of the 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 £52.712m 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	2020/21 £000	2019/20 £000
Depreciation and amortisation of non-current assets	(13,075)	(12,396)
(Increase)/Decrease in inventories	138	772
(Increase)/Decrease in Creditors	(15,387)	(10,668)
Increase/(Decrease) in Debtors	(3,082)	8,754
Pensions Liability	22,128	(32,241)
Contributions (to)/from Provisions	(4,682)	0
Revaluation Losses	6,465	(31,383)
Carrying value on disposal of non-current assets	(8,739)	(10,160)
Other non-cash adjustments	(5,399)	(16,425)
	<b>(21,633)</b>	<b>(103,747)</b>

b) Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2020/21 £000	2019/20 £000
Proceeds from the sale of non-current assets	46	9,792
Capital grants received	2,678	15,870
	<b>2,723</b>	<b>25,662</b>

c) Interest received, interest paid and dividends received	2020/21 £000	2019/20 £000
Interest received	(2,974)	(2,567)
Interest paid	15,903	16,424
Dividends received	0	(7,557)
	<b>12,929</b>	<b>6,301</b>



### 32. Investing Activities

	2020/21 £000	2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	26,403	31,289
Pension contributions advanced payment	0	0
Purchase of short term and long term investments	66,740	83,871
Other movements in investing activities	13,623	1,084
Proceeds from the sale of non-current assets	(55)	(9,792)
Proceeds from short term and long term investments	(94,500)	(69,000)
Other receipts from investing activities	(12,385)	(13,687)
<b>Net cash flows from investing activities</b>	<b>(174)</b>	<b>23,765</b>

### 33. Financing Activities

	2020/21 £000	2019/20 £000
Cash receipts of short term and long term borrowing	(10,000)	(30,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,820	2,696
Repayments of short term and long term borrowing	4,247	7,346
Billing Authority - Council Tax and NDR adjustments	2,195	(1,687)
<b>Net cash flows from financing activities</b>	<b>(739)</b>	<b>(21,645)</b>

#### 33a. Reconciliation of liabilities arising from financing activities

	1 April 2020 £000	Financing cash flows £000	Non-cash changes		31 March 2021 £000
			Acquisition £000	Other non- cash changes £000	
Long-term borrowing	0	0	0	0	0
Short-term borrowings	0	0	0	0	0
Lease Liabilities	0	0	0	0	0
On balance sheet PFI liabilities	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## OTHER NOTES

### 34. Member's Allowances

	2020/21 £000	2019/20 £000
Payments to Members	1,212	1,191

### 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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£0-£20,000	0	0	26	36	26	36	139	206
£20,001-£40,000	0	0	0	5	0	5	0	149
£40,001-£60,000	0	0	1	0	1	0	56	0
£60,001-£80,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>41</b>	<b>27</b>	<b>41</b>	<b>195</b>	<b>355</b>

### 36. Officer's Remuneration

The remuneration paid to the Council's Senior Officers is as follows:

Post Holder Information	2020/21				
	Salary Entitlement Full Time	Salary, Fees and Allowances Paid	Compensation for Loss of Office	Employer's Pensions Contribution	Total
	£	£	£	£	£
Chief Executive - Steven Pleasant (i)	182,036	182,036	0	38,228	<b>220,264</b>
Director of Adults	102,446	102,446	0	21,514	<b>123,960</b>
Director of Children's Services - Richard Hancock	131,006	131,006	0	27,511	<b>158,517</b>
Director of Growth	104,805	104,805	0	22,009	<b>126,814</b>
Director of Operations and Neighbourhoods	101,556	101,556	0	21,327	<b>122,883</b>
Director of Governance & Pensions (s5 Monitoring Officer) - Sandra Stewart (ii)	135,225	135,225	0	28,397	<b>163,622</b>
Director of Population Health (iii)	104,584	46,195	0	1,661	<b>47,856</b>
Director of Finance (Section 151 Officer) (iv)	8,552	8,552	0	0	<b>8,552</b>

- (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 was filled by a secondment from Haringey Council until 30th November 2020 for which the council was invoiced £122,371 in the 2020/21 financial year. The post holder moved to Council payroll from December 2020 and the amount shown in the table above shows the payment made for the period 1 December 2020 to 31 March 2021. The council has received funding of £37,500 from Public Health England and £25,000 from the Association for Directors of Public Health as a contribution towards this post for work undertaken by the Director of Population Health on a national basis during 20/21.
- (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 2020 to 31st March 2021 was £130,342 (Salary £113,955 and Pension Contributions £16,387). The Council paid an additional amount of £8,552 for the 2020/21 financial 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 2020 to 31st March 2021 was £102,444 (Salary £102,444 and Pension Contributions £0).

- (vi) The Director of Commissioning salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2020 to 31st March 2021 was £125,819 (Salary £109,739 and Pension Contributions £16,080).

Post Holder Information	2019/20				
	Salary Entitlement Full Time	Salary, Fees and Allowances	Compensation for Loss of Office	Employer's Pensions Contribution	Total
	£	£	£	£	£
	0	£	£	£	0
Chief Executive - Steven Pleasant (i)	177,164	177,164	0	37,204	<b>214,368</b>
Director of Adults	99,704	99,704	0	20,938	<b>120,642</b>
Director of Children's Services - Richard Hancock	127,500	127,500	0	26,775	<b>154,275</b>
Director of Growth	102,026	102,026	0	21,420	<b>123,446</b>
Director of Operations and Neighbourhoods	98,838	98,838	0	20,756	<b>119,594</b>
Director of Governance & Pensions (Borough Solicitor) - Sandra Stewart (ii)	131,606	131,606	0	27,637	<b>159,243</b>
Director of Population Health (iii)	0	0	0	0	<b>0</b>
Director of Finance (Section 151 Officer) (iv)	8,323	8,323	0	0	<b>8,323</b>

- (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).

## 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) 2020/21	Number of employees (including severance payments) 2020/21	Number of employees (excluding severance payments) 2019/20	Number of employees (including severance payments) 2019/20
£50,000 - £54,999	92	95	64	64
£55,000 - £59,999	38	38	37	38
£60,000 - £64,999	29	29	27	28
£65,000 - £69,999	26	26	18	18
£70,000 - £74,999	9	9	4	5
£75,000 - £79,999	4	4	4	4
£80,000 - £84,999	12	12	8	8
£85,000 - £89,999	0	0	1	1
£90,000 - £94,999	8	8	11	11
£95,000 - £99,999	3	3	0	0
£100,000 - £104,999	0	0	0	0
£125,000 - £129,999	0	0	0	0
£130,000 - £134,999	0	0	1	1
£135,000 - £139,999	1	1	0	0
<b>Total</b>	<b>222</b>	<b>225</b>	<b>175</b>	<b>178</b>

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.

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## Foster Care Payments

A Foster Care Payment for Skills report (agreed by Executive Cabinet in June 2016) may not have been fully implemented, resulting in some connected carers potentially being paid at the incorrect skills payment level. The scope and value of any liabilities cannot be determined until a skills assessment has been undertaken but the potential cost of any claims is not expected to exceed £600k.

### 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 2021.

### 39. External Audit Costs

The Council has incurred the following costs in relation to services provided by the Council's external auditors:

	2020/21 £000	2019/20 £000
Fees payable with regard to external audit services	85	87
Fees payable for the certification of grant claims and returns	13	11
Fees payable in respect of other services	0	0
<b>Total</b>	<b>98</b>	<b>98</b>

### 40. Events after the Balance Sheet Date

*Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.*

*Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly.*

*However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).*

The Statement of Accounts was authorised for issue by the Director of Finance (Section 151 Officer) on 19 July 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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## 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.*

### STATEMENT OF ACCOUNTING POLICIES FROM 1 APRIL 2020

The Statement of Accounts summarises the Council's income, expenditure, assets and liabilities held and incurred during the 2020/21 financial year, and its position at 31 March 2021.

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 2020/21 (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.

### 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.

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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



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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

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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

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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.

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- 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

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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 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.

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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.

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- 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.

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### 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



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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:

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4. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  5. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

#### Pensions Reserve

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

#### Early Retirement, Discretionary Payments

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

#### **c) Lessee Accounting for an Operating Lease**

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

#### **d) Revenue Grants and Contributions**

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

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

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

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

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

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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.

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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.

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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

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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.*

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## **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 2020/21 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 2021/22 code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

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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. However the playing fields surrounding Voluntary Aided schools remain in Council ownership and are therefore included on the Council's Balance Sheet.

#### 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.



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#### 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:

<b>Asset Category</b>	<b>Useful Economic Life</b>
Buildings	2-70 years
Infrastructure assets (such as roads)	Up to 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 2021. 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

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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.

#### Pension 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

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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 2020/21 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 2020/21 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	2020/21				2019/20			
	Receipts £000	Payments £000	Creditors £000	Debtors £000	Receipts £000	Payments £000	Creditors £000	Debtors £000
Active Tameside (Tameside Sport Trust)	(542)	3,607	25	(350)	-	3,296	(53)	-
Ashton Pioneer Homes	-	51	-	-	-	54	3	-
Jigsaw Homes (New Charter Housing)	(26)	2,575	677	(280)	(26)	2,307	673	(378)

**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	2020/21 £000	2019/20 £000
Greater Manchester Combined Authority - Waste Disposal	12,761	12,727
Greater Manchester Combined Authority - Transport	15,411	15,129
Environmental Agency - Flood Defense	119	117
Canal & River Trust - British Waterways	99	93

## 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.

	2020/21 £000	2019/20 £000
Cost incurred of behalf of Pension Fund	8,107	7,894
VAT Refund obtained from HMRC	(5,362)	(5,535)
Due to Tameside MBC from the Pension Fund	378	2,359
Reimbursements by the Pension Fund to TMBC	(1,416)	(4,726)
Owed from/(to) the Pension Fund by TMBC at 31st March	(1,039)	(2,367)

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 £5.362m, which was initially recovered from HMRC by the Council. As at 31st March 2021, TMBC owed £1.039m back to 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	<ul style="list-style-type: none"> <li>Joint role as Chief Accountable Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36.</li> <li>Director of the Manchester Institute of Health and Performance</li> <li>Director of Airport City (General Partner) representing Greater Manchester Pension Fund</li> <li>Stamford Park Trust Trustee</li> <li>Associate Governor at Broadbottom C of E Primary School</li> </ul>
Director of Finance	<ul style="list-style-type: none"> <li>Joint role as the Chief Finance Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36.</li> </ul>
Director of Governance and Pensions	<ul style="list-style-type: none"> <li>Director of Greater Manchester Pension Fund</li> <li>Director of Northern Pool General Partner (Number 1) Ltd representing Greater Manchester Pension Fund</li> </ul>
Director of Growth	<ul style="list-style-type: none"> <li>Director of Inspired Spaces Tameside Ltd</li> <li>Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd</li> <li>Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd</li> </ul>
Assistant Director of Finance	<ul style="list-style-type: none"> <li>Director of Inspired Spaces Tameside Ltd</li> <li>Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd</li> <li>Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd</li> </ul>
Assistant Director, Digital Tameside	<ul style="list-style-type: none"> <li>Director of Co-operative Network Infrastructure</li> </ul>

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	2020/21				2019/20			
	Receipts	Payments	Creditors	Debtors	Receipts	Payments	Creditors	Debtors
	£000	£000	£000	£000	£000	£000	£000	£000
Co-operative Network Infrastructure	(73)	33	-	(2)	-	-	27	(32)
Inspired Spaces Tameside Ltd	-	15,090	1,130	(137)	-	16,451	203	-
Inspired Spaces Tameside (Project Co 1) Ltd	(296)	-	-	(122)	(180)	-	-	(118)
Inspired Spaces Tameside (Project Co 2) Ltd	(1,465)	-	-	(178)	-	-	-	(1,133)

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
<b>Balance Brought Forward</b>	<b>(3,728)</b>	<b>(40)</b>	<b>(369)</b>	<b>(421)</b>	<b>(1,136)</b>	<b>(1,061)</b>	<b>(334)</b>	<b>(377)</b>
Contributions	0	(119)	(244)	(360)	(1,060)	(500)	(721)	(545)
Interest earned on Balances	(4)	0	0	0	(1)	0	0	0
<b>Total Income</b>	<b>(4)</b>	<b>(119)</b>	<b>(244)</b>	<b>(360)</b>	<b>(1,061)</b>	<b>(500)</b>	<b>(721)</b>	<b>(545)</b>
Employee Expenses	0	14	258	268	504	1	195	406
Payments as per Business Plan	31	0	0	0	0	0	0	0
Project Payments to Authorities	0	0	0	0	0	0	0	0
Supplies & Services/Other expenditure	0	98	55	12	410	328	155	110
<b>Total Expenditure</b>	<b>31</b>	<b>112</b>	<b>313</b>	<b>279</b>	<b>914</b>	<b>329</b>	<b>349</b>	<b>516</b>
<b>Balance Carried Forward</b>	<b>(3,701)</b>	<b>(47)</b>	<b>(300)</b>	<b>(501)</b>	<b>(1,283)</b>	<b>(1,232)</b>	<b>(706)</b>	<b>(406)</b>

#### 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 2021/22 and used to fund the remaining elements of the Collaboration Agreement and Public Realm.

#### iStandUK

iStandUK is a programme 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 programme. During 2020/21 iStandUK developed a standards project, funded by MHCLG LDCU, to identify and support vulnerable individuals and households; phase 2 of this project continues into 2021/22 with continuous funding from MHCLG. The 2020/21 balance will be carried forward into 2021/22 to continue the work of the programme. The iStandUK programme is sustained by Central Government sponsorship and grant funding.

#### i-Network

iNetwork is a partnership that brings together local authorities, police, fire, health, housing and voluntary sector organisations across the North to support innovation and the transformation of local public services. It is chaired by the Chief Executive of the Council, who acts as the accountable body. iNetwork charges membership and service fees in order to sustain the partnership and deliver set outcomes. The 2020/21 balance will be carried forward into 2021/22.

#### 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

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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. We are a public sector organisation which exists to support our members in protecting the public interest and public purse. We are one of the largest shared services in the country managed by, and for the benefit of our members. We recover our operating costs from grant funding, membership fees and recharges. Membership is open to any organisation which has responsibility for managing public funds and/or assets. Use of our services is voluntary, which ensures we deliver value for money. Currently, almost 90% of local authorities are members and there are a rapidly growing number of affiliated wider public authorities including social housing providers. NAFN 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, Local Authorities on biodiversity, nature conservation and wildlife issues. Although hosted by Tameside MBC, GMEU works across the whole of Greater Manchester and North West England.

The Ecology Unit maintains the habitats and species database for Greater Manchester, maintains the Register of designated nature conservation sites, 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 £0.112m in 2020/21, which was made up of a deficit on chargeable activities of £0.040m and a deficit on non-chargeable activities of £0.072m..

	2020/21		
	Chargeable	Non-Chargeable	Total
	£000	£000	£000
<b>Expenditure:</b>			
Employee Expenses	123	53	176
Premises	12	5	17
Transport	0	0	0
Supplies and Services	7	3	10
Central and Support Service Charges	26	11	37
	<b>168</b>	<b>72</b>	<b>240</b>
<b>Income:</b>			
Building Regulation Charges	(128)	0	(128)
Miscellaneous Income	0	0	0
	<b>(128)</b>	<b>0</b>	<b>(128)</b>
<b>(Surplus)/Deficit for year</b>	<b>40</b>	<b>72</b>	<b>112</b>

## 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.

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:	2020/21 £000		
	Council	Tameside & Glossop CCG	Total
Section 75	53,693	300,836	354,529
Wider Aligned Budget	116,099	112,598	228,697
In Collaboration Services	35,487	37,174	72,662
<b>Total</b>	<b>205,279</b>	<b>450,608</b>	<b>655,887</b>

Expenditure met from the pooled budget:	2020/21 £000		
	Council	Tameside & Glossop CCG	Total
Section 75	51,823	300,811	352,635
Wider Aligned Budget	111,613	112,440	224,053
In Collaboration Services	41,740	37,357	79,097
<b>Total</b>	<b>205,177</b>	<b>450,608</b>	<b>655,785</b>

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# 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 2021

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 2021			31 March 2020		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
<b>Income</b>						
Income from Council Tax	(115,825)	0	(115,825)	(112,090)		(112,090)
Transfers from General Fund (S13A relief)	(2,133)	0				
Income from NDR	0	(27,386)	(27,386)		(56,957)	(56,957)
<b>Total Income</b>	<b>(117,958)</b>	<b>(27,386)</b>	<b>(143,212)</b>	<b>(112,090)</b>	<b>(56,957)</b>	<b>(169,047)</b>
<b>Expenditure</b>						
<u>Council Tax</u>						
The Council	96,762		96,762	91,579		91,579
GMCA Mayoral Police and Crime Commissioner	13,187		13,187	12,355		12,355
GMCA Mayoral General Precept (inc. Fire)	5,758		5,758	4,795		4,795
<u>NDR</u>						
The Council		53,844	53,844		51,805	51,805
Central Government		0	0		0	0
GM Fire and Rescue Authority		544	544		523	523
Allowance for cost of collection		285	285		287	287
Transitional Protection Payments		1,163	1,163		896	896
Increase/(decrease) in:		0	0		0	0
Allowance for non-collection	2,647	1,014	3,661	453	1,095	1,548
Provision for appeals		2,738	2,738		3,328	3,328
<u>Surplus/deficit (allocated)/paid out in year:</u>						
The Council	3,657	(2,636)	1,021	11,328	846	12,174
Central Government		0	0		0	0
GMCA Mayoral Police and Crime Commissioner	493	0	493	1,397	0	1,397
GMCA Mayoral General Precept (inc. Fire)	191	(27)	165	545	9	553
<b>Total Expenditure</b>	<b>122,695</b>	<b>56,927</b>	<b>179,622</b>	<b>122,453</b>	<b>58,789</b>	<b>181,241</b>
<b>(Surplus)/deficit for the year</b>	<b>4,737</b>	<b>29,540</b>	<b>34,277</b>	<b>10,363</b>	<b>1,831</b>	<b>12,195</b>
Balance brought forward	(6,640)	2,489	(4,151)	(17,003)	657	(16,346)
(Surplus)/deficit for the year	4,737	29,540	34,277	10,363	1,831	12,195
<b>Balance carried forward</b>	<b>(1,903)</b>	<b>32,029</b>	<b>30,126</b>	<b>(6,640)</b>	<b>2,489</b>	<b>(4,151)</b>
<u>Share of (surplus)/deficit</u>						
The Council	(1,635)	33,485	31,850	(5,579)	4,240	(1,338)
Central Government		(1,777)	(1,777)		(1,777)	(1,777)
GMCA Mayoral Police and Crime Commissioner	(217)	0	(217)	(755)		(755)
GMCA Mayoral General Precept (inc. Fire)	(50)	320	270	(306)	25	(281)
	<b>(1,903)</b>	<b>32,029</b>	<b>30,126</b>	<b>(6,640)</b>	<b>2,489</b>	<b>(4,151)</b>

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## 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 2020/21**

The Council Tax base for 2020/21 was set in January 2020.

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

Tameside 2020/21 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 (Excluding Mossley)	Mayoral Police & Crime Commissioner Precept	Mayoral General Precept	Council Tax (Excluding Mossley Parish)
Disabled Relief	0	60	5/9	33	0	0	0	0
Band A	52,600	36,021	6/9	24,014	1,019	139	61	1,218
Band B	19,062	15,908	7/9	12,373	1,188	162	71	1,421
Band C	19,549	17,144	8/9	15,240	1,358	185	81	1,624
Band D	6,804	6,265	9/9	6,265	1,528	208	91	1,827
Band E	3,757	3,507	11/9	4,286	1,867	255	111	2,233
Band F	917	864	13/9	1,248	2,207	301	131	2,639
Band G	423	396	15/9	660	2,547	347	152	3,045
Band H	42	19	18/9	38	3,056	417	182	3,654
<b>Total</b>	<b>103,154</b>	<b>80,184</b>		<b>64,157</b>				
Less Allowance for Losses on Collection				(1,850.4)				
MOD Properties				0				
<b>Total Tameside Tax Base 2020/21</b>				<b>62,306.8</b>				

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

Tameside 2020/21 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 (Excluding Mossley)	Mossley Precept	Mayoral Police & Crime Commissioner Precept	Mayoral General Precept	Council Tax (Including Mossley Parish)
Disabled Relief	0	3	5/9	2	0	0	0	0	0
Band A	2,819	2,089	6/9	1,393	1,019	6	139	61	1,224
Band B	892	776	7/9	603	1,188	7	162	71	1,428
Band C	1,009	898	8/9	799	1,358	8	185	81	1,632
Band D	400	377	9/9	377	1,528	9	208	91	1,836
Band E	182	174	11/9	212	1,867	11	255	111	2,244
Band F	49	49	13/9	70	2,207	13	301	131	2,653
Band G	14	16	15/9	27	2,547	15	347	152	3,061
Band H	1	0	18/9	0	3,056	18	417	182	3,673
<b>Total</b>	<b>5,366</b>	<b>4,381</b>		<b>3,482</b>					
Less Allowance for Losses on Collection				(93.5)					
MOD Properties				0					
<b>Total Mossley Parish Tax Base 2020/21</b>				<b>3,388.7</b>					

### 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 2020/21, the total Non-Domestic Rateable value at 31 March 2021 is £148.8m (£148.7m in 2019/20). The national multipliers for 2020/21 were 49.9p for qualifying small businesses, and the standard multiplier being 51.2p for all other businesses (49.1p and 50.4p respectively in 2019/20).

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 2021/22, means that Tameside retains 99% of total collectable rates, with 1% distributed to the GMFRA. The NDR shares paid in 2020/21, (excluding previous years distribution) were £53.844m to the Council and £0.544m to GMFRA. (2019/20 shares paid were £0.523m to GMFRA and £51.805m to the Council).

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## **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.

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# Glossary of Financial Terms



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**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.

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### **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. Current assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

### **Balances**

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

### **Better Care Fund (BCF)**

The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

### **Billing Authority**

An authority which collects Council Tax, Business Rates and precepts on behalf of itself and other bodies.

### **Capital Expenditure**

This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### **Capital Financing Costs**

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

### **Capital Finance Requirement (CFR)**

Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the Council to borrow for expenditure of a capital nature.

### **Capital Receipts**

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure.

### **Carrying Amount**

The Balance Sheet value recorded of either an asset or liability.

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalents are investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services.

### **Collection Fund**

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

### **Community Assets**

Non-current assets that an authority intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

### **Contingency**

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

### **Contingent Liabilities or Assets**

These are amounts potentially due to or from individuals or organisations, which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

### **Corporate and Democratic Core**

Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities.

### **Corporate Governance**

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

### **Council Tax**

This is the main source of local taxation to Local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund Balances.

### **Council Tax Requirement**

This is the estimated revenue expenditure on General Fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

### **Creditors**

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the Balance Sheet.

**Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

**Debtors**

These are sums of money due to the Council that have not been received at the Balance Sheet date.

**Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

**Defined Benefit Scheme**

This is a pension or other retirement benefit scheme other than a Defined Contribution Scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**Defined Contribution Scheme**

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Department for Communities and Local Government (DCLG)**

A Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

**Depreciated Replacement Cost (DRC)**

A method of valuation that provides a proxy for the market value of specialist assets.

**Derecognition**

This is when financial assets and liabilities are removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Depreciation**

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

**Discounts**

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of 'the Code', gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

**Earmarked Reserves**

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

**Exceptional Items**

Material items deriving from events or transactions that fall within the ordinary activities of the Council, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts.

### **External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

### **Expenditure**

This is amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

### **Fair Value**

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

### **Finance Lease**

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

### **Financial Regulations**

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

### **General Fund Balances**

The main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

### **Greater Manchester Waste Disposal Authority (GMWDA)**

This is a levying Authority that provides a waste disposal strategy, policy and services to nine of the AGMA Councils.

### **Heritage Asset**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### **Housing Benefit**

This is an allowance to persons on low income (or none) to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities.

### **Impairment**

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

### **Income**

These are amounts due to the Council for goods supplied or services rendered of either a capital or a revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

### **Infrastructure Assets**

Those non-current assets from which benefit can be obtained only by continued use of the asset created e.g. highways, footpaths and bridges.

### **Intangible Assets**

These are non-current assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

### **International Financial Reporting Standards (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

### **Interest Cost**

For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

### **Inventories**

Amounts of unused or unconsumed stocks held in expectation of future use.

### **Investment Properties**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

### **Joint Venture**

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

### **Leasing Costs**

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

### **Lender Option Borrower Option (LOBO)**

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

### **Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

### **Liquid Resources**

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash at or close to the amount they are held at on the Balance Sheet, or traded in an active market.

### **Materiality**

The concept that any omission from or inaccuracy of the Statement of Accounts should not be large enough to affect the understanding of those statements by the reader. Materiality must be considered for individual amounts and also all amounts together.

**Medium Term Financial Plan (MTFP)**

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget and capital programme.

**Ministry of Housing, Communities and Local Government (MHCLG)**

MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

**Minimum Revenue Provision (MRP)**

MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

**Net Debt**

Net debt is the Council's borrowings less cash and liquid resources.

**Non-Domestic rates (NDR) (also known as Business Rates)**

Business Rates is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all local authorities.

**Net Book Value (NBV)**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for by depreciation.

**Non-current Asset**

Assets that yield benefits to the Council and the services it provides for a period of more than one year.

**Non Distributed Costs**

These are overheads for which no user now benefits and should not be apportioned to services.

**Net Realisable Value (NRV)**

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

**Operating Lease**

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Council.

**Outturn**

Actual expenditure and income compared to the budget.

**Precept**

The amount levied by one authority which is collected on its behalf by another (the billing authority).

**Premiums**

These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

**Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

**Private Finance Initiative (PFI)**

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

**Property, Plant and Equipment (PPE)**

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

**Provisions**

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

**Public Works and Loans Board (PWLB)**

An arm of Central Government which is the major provider of loans to finance long term funding requirements of Local Authorities.

**Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all Senior Officers from Assistant Director and above and the Pension Fund.

**Remeasurement of the Net Defined Benefit Liability**

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- a) actuarial gains and losses
- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

**Reporting Standards**

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

**Reserves**

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

**Revenue Contributions**

The method of financing capital expenditure directly from revenue.

**Revenue Expenditure**

Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

**Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

**Subsidiary**

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

**Treasury Management**



This is the process by which the Council controls its cash flow and its borrowing and lending activities.

**Treasury Management Strategy**

A Strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

**Unsupported (Prudential) Borrowing**

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

**Useful Economic Life**

The period over which the Council will derive benefits from the use of an asset.

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# Greater Manchester Pension Fund

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## Statement of Accounts

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2020/21

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**DRAFT UNAUDITED**

(Full Report)

June 2021

<b>Fund Account for the year ended 31 March 2021</b>			
<b>31 March 2020 £000</b>		<b>Note</b>	<b>31 March 2021 £000</b>
	<b>Contributions and benefits</b>		
(152,068)	Contributions from employees	5	(158,377)
(460,162)	Contributions from employers	5	(754,571)
(612,230)			(912,948)
0	Transfers in (bulk)	5a	(53,583)
(25,694)	Transfers in (individual)		(19,090)
(637,924)			(985,621)
860,201	Benefits payable	6	882,095
42,351	Payments to and on account of leavers	7	33,147
34,734	Management expenses	8	39,702
937,286			954,944
	<b>Returns on investments</b>		
(523,587)	Investment income	9	(472,608)
2,029,030	(Increase) / decrease in fair value of investments	11	(4,356,033)
3,973	Taxation	10	2,718
56	Loss on foreign currency		5,204
<b>1,509,472</b>	<b>Net (profit) / loss on investments</b>		<b>(4,820,719)</b>
<b>1,808,834</b>	Net (increase)/decrease in the Fund during the year		(4,851,396)
<b>(23,843,623)</b>	Net assets of the Fund at start of year		(22,034,789)
<b>(22,034,789)</b>	<b>Net assets of the Fund at end of year</b>		<b>(26,886,185)</b>

**Net Assets Statement at 31 March 2021**

31 March 2020 £000		Note	31 March 2021 £000
2,832,381	UK equities		4,537,657
4,996,751	Overseas equities		6,924,661
1,433,695	Bonds	11	1,458,153
416,356	Overseas index linked government bonds		273,032
835,885	Investment property	11	843,166
13,975	Derivative contracts	11	356
10,783,943	Pooled investment vehicles	11	12,043,960
484,347	Cash and deposits	11	663,516
186,718	Other investment assets	11	196,639
<b>21,984,051</b>	<b>Investment assets</b>		<b>26,941,140</b>
(1,354)	Derivative contract liabilities	11	(8,099)
(6,219)	Other investment liabilities	11	(95,567)
<b>(7,573)</b>	<b>Investment liabilities</b>		<b>(103,666)</b>
78,517	Current assets	11	74,694
(20,206)	Current liabilities	11	(25,983)
<b>58,311</b>	<b>Net current assets</b>		<b>48,711</b>
<b>22,034,789</b>	<b>Net assets of Fund</b>		<b>26,886,185</b>

**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 2020/21 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 three 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 2020/21 covered:

- Policy and Development
- Investment Monitoring and Environment, Social and Governance
- Pensions Administration, Employer Funding and Viability

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 2021 and the preceding year is shown below:

<b>31 March 2020</b>		<b>31 March 2021</b>
112,274	Contributors	112,593
132,068	Pensioners	135,268
140,153	Deferred Members *	142,791
<b>376,023</b>	<b>Total Membership</b>	<b>390,652</b>
<b>597</b>	<b>Employers with Contributing Members</b>	<b>591</b>

\* 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 2020/21 and Funding Strategy Statement (FSS). The FSS is available from [www.gmpf.org.uk](http://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 2020/21.

## **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 exceptions are that individual and bulk transfers (due to uncertainty over final settlement and timing of payments) and advance payment of employer contributions are recognised on a received or paid basis. There are no accounting standards issued but not adopted in the preparation of the financial statements

### **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 20210.



**Foreign Investments:**

Foreign investments are translated at the exchange rate applicable at 31 March 2021. 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 2021 are determined as follows:

<b>At 31 March 2021</b>	<b>Valuation basis / technique</b>	<b>Main assumptions</b>
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 March 2021. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2021 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.
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.

At 31 March 2021	Valuation basis / technique	Main assumptions
Derivatives	<p>Derivative contracts are valued at fair value.</p> <p>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.</p> <p>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.</p>	
Private equity, infrastructure and special opportunities portfolios	<p>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, applying earnings multiples of comparable public companies to projected future cash flows, 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.</p>	<p>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.</p>

**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.

**Transaction costs of investments:**

Acquisitions costs of investments other than listed equities are included in purchase prices and netted from sale receipts.

**Management Expenses:**

Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page XXX. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3 yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition, certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs deducted directly by the investment managers. These costs are not charged directly to the Fund account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund account and corresponding notes. The performance of these investments is reported on a net basis. In line with CIPFA recommendations on improving disclosure of investment costs, Note 11a includes an estimate of these costs for this financial year and previous financial year.

Administration Expenses are included within Management Expenses within the Fund account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

**Net (Profit)/Loss on Foreign Currency:**

Net (profit)/loss on foreign currency comprise the change in value of short-term deposits due to exchange rate movements during the year.

**Actuarial present value of promised retirement benefits:**

The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a Note to the Net Asset Statement (see Note 25).

**Derivatives:**

GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value. Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

**Transfers:**

Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers, 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 2021 was £3,623,513,000 (£2,942,866,000 at 31 March 2020).

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.

### **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.

Greater Manchester Pension Fund Statement of Accounts 2020/21

	At 31 March 2021		
	Designated as fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
<b>Financial assets:</b>			
Equities	11,462,318	0	0
Bonds	1,458,153	0	0
Index linked	273,032	0	0
Derivatives	356	0	0
Pooled investment vehicles	12,043,960	0	0
Cash	0	663,516	0
Other investment assets	0	196,639	0
Current assets	0	74,694	0
	25,237,819	934,849	0
<b>Financial liabilities:</b>			
Derivatives	0	0	(8,099)
Other investment liabilities	0	0	(95,567)
Current liabilities	0	0	(25,983)
	0	0	(129,649)
<b>Total</b>	<b>25,237,819</b>	<b>934,849</b>	<b>(129,649)</b>

	At 31 March 2020		
	Designated as fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
<b>Financial assets:</b>			
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
<b>Financial liabilities:</b>			
Derivatives	0	0	(1,354)
Other investment liabilities	0	0	(6,219)
Current liabilities	0	0	(20,206)
	0	0	(27,779)
<b>Total</b>	<b>20,477,101</b>	<b>749,582</b>	<b>(27,779)</b>

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 profit for the year ending 31 March 2021 was £4,400,000 (£1,947,000 net loss as at 31 March 2020).

### 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 2021			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets:</b>				
Equities	11,462,318	0	0	11,462,318
Fixed interest	0	1,458,153	0	1,458,153
Index linked	0	273,032	0	273,032
Derivatives	0	356	0	356
Pooled investment vehicles	0	6,275,382	5,768,578	12,043,960
<b>Non-financial assets (at fair value through profit &amp; loss):</b>				
Directly held investment property	0	0	843,166	843,166
<b>Total</b>	<b>11,462,318</b>	<b>8,006,923</b>	<b>6,611,744</b>	<b>26,080,985</b>

	At 31 March 2020			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets:</b>				
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
<b>Non-financial assets (at fair value through profit &amp; loss):</b>				
Directly held investment property	0	0	835,885	835,885
<b>Total</b>	<b>7,829,132</b>	<b>7,861,942</b>	<b>5,621,912</b>	<b>21,312,986</b>

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. There have been no transfers in year between Level 1 and Level 2.

## 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 applying earnings multiples from comparable public market companies to 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 2020 £000		31 March 2021 £000
4,839,471	Opening balance	5,621,912
1,134,685	Acquisitions	1,358,778
(470,917)	Disposal proceeds / Return of capital	(587,346)
0	Transfer in of Level 3	0
	Total gains/losses included in the Fund account:	
173,172	- on assets sold	225,268
(54,498)	- on assets held at year end	(6,868)
<b>5,621,912</b>	<b>Closing balance</b>	<b>6,611,744</b>

## Non-Financial Instrument Assets

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](http://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:

Asset Type	Potential Market Movements (+/-)	
	31 March 2020 p.a.	31 March 2021 p.a.
UK equities	27.5%	16.7%
Overseas equities	28.0%	17.4%
Fixed interest - gilts	7.6%	7.3%
Index linked gilts	7.4%	7.5%
Corporate bonds	9.8%	8.0%
High yield debt	8.7%	5.9%
Investment property	14.2%	14.2%
Private equity	28.4%	28.5%
Infrastructure	15.6%	15.3%
Cash and other liquid funds	0.3%	0.3%
<b>GMPF</b>	<b>15.2%</b>	<b>9.3%</b>

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.

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The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2020 and 2021. 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 2020 and 2021 would have been as shown in the tables below.

Asset Type	31 March 2021 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	4,559,795	16.7%	5,321,281	3,798,309
Overseas equities	8,849,602	17.4%	10,389,433	7,309,771
Fixed interest bonds	1,735,440	7.3%	1,862,127	1,608,753
Index linked bonds	1,009,038	7.5%	1,084,716	933,360
Corporate bonds	1,770,787	8.0%	1,912,450	1,629,124
High yield debt	1,434,133	5.9%	1,518,747	1,349,519
Investment property	1,995,715	14.2%	2,279,107	1,712,323
Private equity	2,988,367	28.5%	3,840,052	2,136,682
Infrastructure	1,627,661	15.3%	1,876,693	1,378,629
Cash and other liquid funds	970,602	0.3%	973,514	967,690
<b>GMPF</b>	<b>26,941,140</b>	<b>9.3%</b>	<b>29,446,666</b>	<b>24,435,614</b>

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
<b>GMPF</b>	<b>21,984,051</b>	<b>15.2%</b>	<b>25,325,627</b>	<b>18,642,475</b>

Note: the above tables do not include investment liabilities and net current assets. Pooled Investment Vehicles have been broken down and included in the relevant asset type.

### 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 2021, GMPF had £193,394,000 (2019/20 £153,187,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £1,934,000 (2019/20 £1,532,000) 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 2021 was £506,700,000 (31 March 2020 £391,100,000). This was held with the following institutions:

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<b>Summary</b>	<b>Rating</b>	<b>Balance at 31 March 2020 £000</b>	<b>Balance at 31 March 2021 £000</b>
<b>Money market Funds</b>			
Aberdeen Assets	AAA	75,000	75,000
DB Advisors	AAA	0	75,000
Federated	AAA	0	75,000
Morgan Stanley	AAA	15,100	75,000
Invesco	AAA	0	71,700
<b>Banks</b>			
Bank of Scotland	A+	30,000	20,000
Close Brothers	A+	10,000	0
Barclays	A+	50,000	50,000
<b>Local authorities &amp; public bodies</b>			
Aberdeenshire Council	N/A	10,000	0
Cambridgeshire County Council	N/A	20,000	15,000
Eastleigh Council	N/A	10,000	10,000
Falkirk Council	N/A	10,000	0
GM Combined Authority	N/A	50,000	0
Kingston Upon Hull Council	N/A	10,000	0
Leeds City Council	N/A	10,000	25,000
London Borough of Enfield	N/A	10,000	0
Mid Suffolk DC	N/A	5,000	0
North Lanarkshire Council	N/A	10,000	0
PCC West Mercia	N/A	10,000	0
Plymouth Council	N/A	10,000	0
Rotherham Council	N/A	20,000	0
Slough Council	N/A	10,000	0
Somerset West Taunton	N/A	0	10,000
Surrey Council	N/A	10,000	0
Tewkesbury Borough Council	N/A	6,000	5,000
<b>Total</b>		<b>391,100</b>	<b>506,700</b>

**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 £506 million cash balances at 31 March 2021.

All financial liabilities at 31 March 2021 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 2020 £000	Liquidity terms	31 March 2021 £000
16,126,139	Assets realisable within 7 days	20,194,397
96,000	Assets realisable in 8-30 days	50,000
0	Assets realisable in 31-90 days	15,000
5,761,912	Assets taking more than 90 days to realise	6,681,743
<b>21,984,051</b>	<b>Total</b>	<b>26,941,140</b>

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 2020 £000		31 March 2021 £000
(152,068)	Employees contributions	(158,377)
	Employers:	
(445,468)	Normal contributions	(743,915)
(14,694)	Deficit recovery contributions	(10,656)
(460,162)	Total employers contributions	(754,571)
<b>(612,230)</b>	<b>Total contributions</b>	<b>(912,948)</b>

### By Authority

31 March 2020 £000		31 March 2021 £000
(372,796)	Part 1 Schedule 2 Scheme Employers	(664,611)
(123,258)	Designating bodies	(137,045)
(95,521)	Community admission bodies	(91,792)
(20,655)	Transferee admission bodies	(19,500)
<b>(612,230)</b>	<b>Total contributions</b>	<b>(912,948)</b>

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 2019 Actuarial Valuation, GMPF was assessed as 102% 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 2019 Actuarial Valuation report located [www.gmpf.org.uk](http://www.gmpf.org.uk).

### **5a. Bulk Transfers**

Greater Manchester Combined Authority (GMCA) appointed Suez Recycling & Recovery UK Ltd with effect from 1 June 2019 to carry out the waste management services previously provided by Viridor Waste.

As part of the agreement, employees who were previously earning benefits in the Citrus Pension Plan (a trust-based defined benefit scheme providing similar benefits to the LGPS specifically created for outsourced waste providers) became contributing members of GMPF with effect from 1 June 2019.

During 2020/21 GMPF accepted a bulk transfer of £53,583,000, representing members' benefits earned under the Citrus Plan, in order to help simplify arrangements for members and minimise the costs to GM Authorities of terminating the previous contract.

## 6. Benefits Payable

### By Category

31 March 2020 £000		31 March 2021 £000
707,822	Pensions	733,944
133,258	Commutation & lump sum retirement benefits	125,319
19,121	Lump sum death benefits	22,832
<b>860,201</b>	<b>Total</b>	<b>882,095</b>

### By Authority

31 March 2020 £000		31 March 2021 £000
641,407	Part 1 Schedule 2 Scheme Employers	652,158
38,412	Designating bodies	41,907
161,833	Community admission bodies	166,843
18,549	Transferee admission bodies	21,187
<b>860,201</b>	<b>Total</b>	<b>882,095</b>

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 2020 £000		31 March 2021 £000
0	Group transfers to other schemes	2,052
40,726	Individual transfers to other schemes	30,109
(54)	Payments for members joining state scheme	0
(12)	Income for members from state scheme	(28)
1,691	Refunds to members leaving service	1,014
<b>42,351</b>	<b>Total</b>	<b>33,147</b>

## 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 2020 £000		31 March 2021 £000
1,491	Employee costs	1,516
315	Support services including IT	173
5,967	Transaction costs (public managers) *	8,414
18,977	Management fees	20,089
253	Custody fees	403
<b>27,003</b>	<b>Total</b>	<b>30,595</b>

\* Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They comprise £1,526,000 (2020 £2,002,000) Commissions and £6,888,000 (2020 £3,965,000) Other Costs which included UK stamp duty and market levies.

### Administrative costs:

31 March 2020 £000		31 March 2021 £000
4,610	Employee costs	4,937
1,553	Support services including IT	2,325
101	Printing and publications	123
<b>6,264</b>	<b>Total</b>	<b>7,385</b>

### Oversight and governance costs:

31 March 2020 £000		31 March 2021 £000
376	Employee costs	447
137	Support services including IT	219
143	Governance and decision making costs	157
11	Investment performance monitoring	28
74	External audit fees *	74
114	Internal audit fees	121
108	Actuarial fees - investment consultancy	331
504	Actuarial fees	345
<b>1,467</b>	<b>Total</b>	<b>1,722</b>

\* Total fee paid to external auditors in 2020/21 is £73,383 (2019/20 73,743) of which £30,000 (2019/20 £30,360) 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 2021			
	Direct £000	Indirect £000	Total In Year £000	Cumulative £000
<b>Set up costs:</b>				
Legal	0	0	0	71
Procurement	0	0	0	30
Other costs	93	0	93	239
<b>Total set up costs</b>	<b>93</b>	<b>0</b>	<b>93</b>	<b>340</b>
	At 31 March 2020			
	Direct £000	Indirect £000	Total £000	Cumulative £000
<b>Set up costs:</b>				
Legal	6	0	6	71
Procurement	0	0	0	30
Other costs	64	0	64	146
<b>Total set up costs</b>	<b>70</b>	<b>0</b>	<b>70</b>	<b>247</b>

9. Investment income

31 March 2020 £000		31 March 2021 £000
(41,230)	Fixed interest (corporate and government bonds)	(39,919)
(319,926)	Equities	(248,750)
(2,801)	Index linked	(957)
(118,040)	Pooled investment vehicles	(150,275)
(38,650)	Investment property (gross)	(35,653)
5,630	Investment property non-recoverable expenditure	5,450
(7,799)	Interest on cash deposits	(1,993)
(771)	Stocklending	(511)
<b>(523,587)</b>	<b>Total</b>	<b>(472,608)</b>

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 and Stone Harbour is automatically reinvested within the relevant sector fund, as are many of the other specialist pooled funds, and thus excluded from the above analysis.

## 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 2020/21 amounts to £2,718,000 (2019/20 £3,973,000) 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 2021 £000
Unrealised losses at 31 March 2021	323,675	(2,904,275)
Unrealised (profits) at 31 March 2021	(3,227,950)	
Realised losses 1 April 2020 to 31 March 2021	528,944	(678,609)
Realised (profits) 1 April 2020 to 31 March 2021	(1,207,553)	
Less:		
Unrealised (profits) at 31 March 2020	1,251,107	(773,149)
Unrealised losses at 31 March 2020	(2,024,256)	
Reduction/(Increase) in fair value of investments year ending 31 March 2021		<b>(4,356,033)</b>

	£000	31 March 2020 £000
Unrealised losses at 31 March 2020	2,024,256	773,149
Unrealised (profits) at 31 March 2020	(1,251,107)	
Realised losses 1 April 2019 to 31 March 2020	198,425	(933,305)
Realised (profits) 1 April 2019 to 31 March 2020	(1,131,730)	
Less:		
Unrealised (profits) at 31 March 2019	2,346,455	2,189,185
Unrealised losses at 31 March 2019	(157,270)	
Reduction/(Increase) in fair value of investments year ending 31 March 2020		<b>2,029,030</b>

**Greater Manchester Pension Fund Statement of Accounts 2020/21**

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

Value at 31 March 2020 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2021 £000
	<b>Designated as at fair value through the Fund Account</b>				
7,829,132	Equities	3,925,830	(3,377,656)	3,085,012	11,462,318
1,433,695	Bonds	555,784	(522,121)	(9,205)	1,458,153
416,356	Index linked	123,221	(263,881)	(2,664)	273,032
835,885	Investment property	81,607	(30,769)	(43,557)	843,166
12,621	Derivatives	109,089	(137,927)	8,474	(7,743)
10,783,942	Managed and unitised funds	1,705,753	(1,763,708)	1,317,973	12,043,960
21,311,631		6,501,284	(6,096,062)	4,356,033	26,072,886
	<b>Loans and receivables</b>				
484,347	Cash				663,516
238,810	Other investments and net assets				149,783
<b>22,034,788</b>	<b>Total</b>				<b>26,886,185</b>

Value at 31 March 2019 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2020 £000
	<b>Designated as at fair value through the Fund Account</b>				
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
	<b>Loans and receivables</b>				
755,437	Cash				484,347
190,225	Other investments and net assets				238,810
<b>23,843,623</b>	<b>Total</b>				<b>22,034,788</b>

## Bonds

31 March 2020 £000		31 March 2021 £000
52,049	UK public sector quoted	49,542
442,782	Overseas public sector quoted	326,674
541,544	UK corporate quoted	590,284
397,320	Overseas corporate quoted	491,653
<b>1,433,695</b>	<b>Total</b>	<b>1,458,153</b>

## Investment Property

31 March 2020 £000		31 March 2021 £000
671,430	UK - Main investment property portfolio	678,035
164,455	UK - Greater Manchester Property Venture Fund	165,131
<b>835,885</b>		<b>843,166</b>

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.

Following the purchase of the freehold interest in Whitehall Place, London on 25 March 2021, 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. Three properties were either being prepared for sale, being marketed or prices had been agreed at 31 March 2021 (combined valuation: £21,150,000). These properties are

- Waitrose, Gerrards Cross (£10.7 million valuation);
- Parliament Street, York (£1.4 million);
- The Exchange, Ransomes Europark, Ipswich (£9.05 million)

We sold one investment property during the 2020/21 financial year: ALPHA, Airport City, Manchester (industrial scheme), valued at £12,900,000 at 31 March 2020.

The following tables summarise the movement in the fair value of investment properties over the year:

<b>Movement in the fair value of investment properties in 2020/21</b>	<b>£000</b>
Balance at 1 April 2020	835,885
Purchases	37,608
Expenditure during year	43,999
Disposals	(30,769)
Net gains/ (losses) from fair value adjustments	(43,557)
<b>Balance at 31 March 2021 *</b>	<b>843,166</b>

\* 3 properties were either being prepared for sale, marketed or prices had been agreed at 31 March 2021

<b>Movement in the fair value of investment properties in 2019/20</b>	<b>£000</b>
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)
<b>Balance at 31 March 2020 *</b>	<b>835,885</b>

\* No properties were being marketed at 31 March 2020

#### **Future operating lease rentals receivable**

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
36,599	Not later than 1 year	38,984
123,091	Later than 1 year, but not later than 5 years	156,437
194,836	Later than 5 years	260,497
<b>354,526</b>	<b>Total</b>	<b>455,918</b>

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.

The following approach has been taken in calculating the figures above: -

- Where a lease contains a “tenant’s break” clause, it is only up to this point that the aggregation is made.
- Only direct properties have been included. GMPF's share of club deals, joint ventures and indirect holdings are excluded.
- Given the significant impact of the COVID-19 pandemic on the portfolio's occupiers, a proportion of the rental payments that are due may never be received.
- Some (predominantly retail) tenancies contain provisions for rent concessions during periods of enforced store closures. These have not been modelled above, due to the unknown extent and timing of any such periods.
- For tenancies where the rent is linked to turnover and there is no base rent element, the rent has been modelled as zero as no further sums are guaranteed to be received.

Derivatives

31 March 2020 £000		31 March 2021 £000
	<b>Investment assets:</b>	
4,878	Forward currency contracts	356
14,041	Financial futures	332
18,919		688
	<b>Investment liabilities:</b>	
(6,232)	Forward currency contracts	0
(66)	Financial futures	(8,431)
<b>12,621</b>	<b>Net (liability)/asset</b>	<b>(7,743)</b>

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 2021 Contract	Settlement Date	Currency	Currency Bought 000	Currency	Currency Sold 000	Assets £000	Liability £000
Forward Currency Contract	Within one month	GBP	137,574	USD	189,355	342	0
Forward Currency Contract	Within one month	USD	6,500	GBP	4,697	14	0
<b>Total</b>						<b>356</b>	<b>0</b>

31 March 2021 Contract	Settlement Date	Currency	Economic Exposure 000	Market Value £000
UK Equity Futures	Less than one year	GBP	(31,594)	144
Overseas Equity Futures	Less than one year	GBP	(28,535)	188
UK Commodity Futures	Less than one year	GBP	735	(3)
Overseas Equity Futures	Less than one year	GBP	(639,933)	(8,428)
<b>Total</b>			<b>(699,327)</b>	<b>(8,099)</b>

The above tables analyse the derivative contracts held at 31 March 2021 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.

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
419,001	UK Property	358,885
242,209	Overseas property	225,618
1,057,994	Global credit	1,241,582
419,780	Overseas equity	448,419
999,337	UK private equity, infrastructure & debt *	1,240,941
2,205,407	Overseas private equity, infrastructure & debt **	2,735,176
34,648	UK special opportunities portfolio	37,417
371,329	Overseas special opportunities portfolio	437,110
<b>5,749,705</b>	<b>Managed funds</b>	<b>6,725,148</b>
466,833	Property	684,526
<b>466,833</b>	<b>Unit trusts</b>	<b>684,526</b>
47,263	Property	48,904
63,965	UK quoted equity	21,782
226,982	UK fixed interest	250,177
688,631	UK index linked securities	736,007
605,060	UK corporate bonds	688,850
372,686	UK cash instruments	193,394
1,477,991	Overseas quoted equity	1,476,523
228,356	Overseas fixed interest	254,628
414,445	Overseas corporate bonds	489,555
218,213	Overseas index linked securities	250,236
197,306	Global credit	192,551
26,507	Inflation funds	31,679
<b>4,567,405</b>	<b>Insurance policies</b>	<b>4,634,286</b>
<b>10,783,943</b>	<b>Total pooled investment vehicles</b>	<b>12,043,960</b>

\* includes £593,768,000 GLIL investment via the Northern LGPS Pool vehicle (2020 476,208,000)

\*\* includes £167,503,000 NPEP investment via the Northern LGPS Pool vehicle (2020 £57,014,000)

Cash

31 March 2020 £000		31 March 2021 £000
390,684	Sterling	527,227
93,663	Foreign currency	136,289
<b>484,347</b>	<b>Total</b>	<b>663,516</b>

Other investments balances and net assets

31 March 2020 £000		31 March 2021 £000
6,156	Amounts due from broker	(16,390)
61,806	Outstanding dividends and recoverable withholding tax	61,244
17,588	Gross accrued interest on bonds	16,721
4,384	Gross accrued interest on loans	10,200
68,381	Investment loans	71,980
26,374	Variation margin	50,007
2,029	Other accrued interest and tax reclaims	2,877
<b>186,718</b>	<b>Other investment assets</b>	<b>196,639</b>
(4,454)	Amounts due to broker	(93,802)
(1,765)	Irrecoverable withholding tax	(1,765)
<b>(6,219)</b>	<b>Other investment liabilities</b>	<b>(95,567)</b>
44,861	Employer contributions - main scheme	35,586
944	Employer contributions - additional pensions	519
13,215	Property	19,702
466	Admin & investment management expenses	411
19,031	Other	18,476
78,517	Current assets	74,694
(8,700)	Property	(8,450)
(19)	Employer contributions - main scheme	(20)
(1,390)	Employer contributions - additional pensions	(1,683)
(5,620)	Admin & investment management expenses	(5,112)
(4,477)	Other	(10,718)
(20,206)	Current liabilities	(25,983)
<b>58,311</b>	<b>Net current assets</b>	<b>48,711</b>
<b>238,810</b>	<b>Other investment balances and net assets</b>	<b>149,783</b>



## 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 £2,457,000 for 2020/21 (2019/20 £1,999,000).

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 2020 £000		31 March 2021 £000
	<b>Private market and alternative investments</b>	
64,237	- performance related	89,516
66,948	- non-performance related	66,417
	<b>Pooled Investments</b>	
37	- performance related	4,669
4,843	- non-performance related	10,580
	<b>Indirect investment property</b>	
12,502	- performance related	10,078
25,544	- non-performance related	20,098
<b>174,111</b>	<b>Total</b>	<b>201,358</b>

## 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 2020 £000		31 March 2021 £000
164,455	Greater Manchester Property Venture Fund	165,131

## 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 2020 £000		31 March 2021 £000
173,485	UK corporate bond	188,982
473,287	UK Index linked	481,174
21,074	Cash instruments	21,287
53,622	Cash	32,773
26,507	Inflation funds	31,679
197,306	High yield debt	192,551
<b>945,281</b>	<b>Total</b>	<b>948,446</b>

#### 14. Summary of managers' portfolio values at 31 March

2020			2021	
£m	%		£m	%
		<b>Externally managed</b>		
7,119	32.3%	UBS Global Asset Management	9,064	34.0%
4,520	20.5%	Legal & General	4,585	17.2%
1,912	8.7%	Sci Beta	2,659	10.0%
1,430	6.5%	Investec	1,912	7.2%
1,058	4.8%	Stone Harbor	1,242	4.7%
880	4.0%	LaSalle	678	2.5%
164	0.7%	Avison Young (advisory mandate)	165	0.6%
<b>17,083</b>	<b>77.5%</b>		<b>20,305</b>	<b>76.2%</b>
		<b>Internally managed</b>		
3,615	16.4%	Private equity	4,450	16.7%
54	0.2%	Designated funds	33	0.1%
964	4.4%	Property (indirect)	1,318	4.9%
318	1.5%	Cash, other investments and net assets	564	2.10%
<b>4,951</b>	<b>22.5%</b>		<b>6,365</b>	<b>23.8%</b>
<b>22,034</b>	<b>100.0%</b>	<b>Total</b>	<b>26,670</b>	<b>100.0%</b>

#### 15. Concentration of investment

As at 31 March 2021, GMPF held, respectively, 13.67% and 0.01% of its net assets in insurance contracts MF32950 and MF36558 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:

31 March 2020 £000	POLICY MF32950	31 March 2021 £000
1,325,995	Overseas equities	1,475,957
217,765	UK fixed interest	504,738
413,617	UK corporate bonds	499,800
219,088	Overseas fixed interest	0
206,607	UK Index linked	254,798
209,385	Overseas index linked	250,202
333,740	UK cash instruments	172,040
397,219	Overseas corporate bonds	489,488
<b>3,323,416</b>		<b>3,647,023</b>

31 March 2020 £000	POLICY MF36558	31 March 2021 £000
63,965	UK equities	239
151,996	Overseas equities	566
9,217	UK fixed interest	33
17,958	UK corporate bonds	67
9,268	Overseas fixed interest	34
8,737	UK Index linked	35
17,872	UK cash instruments	67
8,828	Overseas index linked	34
17,226	Overseas corporate bonds	68
<b>305,067</b>	<b>Total</b>	<b>1,143</b>

## 16. Notifiable interests

As at 31 March 2021 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2020 %		UK Equity 31 March 2021 %
0.0	Babcock International Group PLC	3.4
3.7	Balfour Beatty PLC	4.3
7.7	Brown (N) Group PLC	0.0
0.0	Carnival PLC	3.1
0.0	Dixons Carphone PLC	5.3
3.3	Intu Properties PLC	3.3
4.7	Man Group PLC	6.3
6.7	Mothercare PLC	4.5
0.0	National Express Group PLC	3.0
0.0	Pagegroup PLC	3.5
3.6	Royal Mail PLC	0.0
6.1	RPS Group PLC	5.9
5.3	SIG PLC	3.7
5.1	STV Group PLC	0.0
3.4	Volusion GRP PLC	0.0

17. Undrawn commitments

31 March 2020 £000	Asset type	Nature of commitment	31 March 2021 £000
275	Directly held investment property	Commitments re demolition or refurbishment work	3,131
33,898	Directly held investment property	Commitments regarding purchases	2,098
2,106,524	Indirect private equity and infrastructure	Commitments to fund	1,992,967
311,845	Special Opportunities portfolio	Commitments to fund	345,622
184,380	Property managed funds	Commitments to fund	245,781
3,761	Property unit trusts	Commitments to fund	27,280
10,699	Commercial/domestic based property unit trust	Commitments to fund	2,410
16,651	Local Investment 4 Growth fund	Commitments to fund	4,751
196,469	Local Impact Portfolio	Commitments to fund	193,527
6,038	Greater Manchester Property Venture Fund	Commitment to lend	32,704
514,238	Private debt portfolio	Commitment to fund	684,102
<b>3,384,778</b>	<b>Total</b>		<b>3,534,373</b>

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 £8,106,000 on behalf of GMPF and reclaimed from HMRC VAT of £3,930,000 net. Total payments due to Tameside MBC therefore, amounted to £4,176,000 (2019/20 £2,359,000). As GMPF reimbursed Tameside MBC £1,416,000 for these charges during the year, there is a Creditor of £393,000 at the year-end owing to Tameside MBC, after offsetting the debtor brought forward from 2019/20 £2,367,000. This creditor has been settled since the year-end.

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:

	Salary Entitlement (Full Time Equivalent)	Salary, Fees & Allowances (Paid in year)	Employers Pensions Contributions (Paid in year)	Total (Paid in year)
Assistant Director of:	£	£	£	£
Pensions (Special Projects)	94,859	48,308	10,145	<b>58,453</b>
Pensions (Investments)	94,859	94,859	19,920	<b>114,779</b>
Pensions (Funding & Business Development)	94,859	94,859	19,920	<b>114,779</b>
Pensions (Local Investments & Property)	94,859	94,859	19,920	<b>114,779</b>
Pensions (Administration)	83,736	83,736	17,585	<b>101,321</b>

Note: There were no payments for Compensation for Loss of Office in 2020/21

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).

**Greater Manchester Pension Fund Statement of Accounts 2020/21**

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:

<b>Name</b>	<b>Position in GMPF 2020/21</b>	<b>Company in which directorship is held</b>	<b>Company Registration Number</b>
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 Hive Bethnal Green Ltd GLIL Corporate Holdings Ltd Plot 5 First Street Nominee Ltd Plot 5 First Street GP Ltd GMPF UT (Second Unit Holder) Ltd Airport City (Asset Manager) Ltd Manchester Charles Street Residential (ELP GP) Ltd Manchester Charles Street Residential (SLP GP) Ltd Manchester New Square (General Partner) Ltd Semperian PPP Investment Partners Holdings Ltd (Jersey Registration)	08980059 09362438 10046509 09919396 09904743 08725454 08723467 10977358 SC576947 11082473 98327
Daniel Hobson	Head of Real Assets	GLIL Corporate Holdings Ltd GLIL Corporate Holdings 2 Ltd Rock Rail East Anglia (Holdings) 1 Ltd Rock Rail East Anglia (Holdings) 2 Ltd Rock Rail East Anglia PLC GLIL Renewable Holdings Clyde Windfarm (Scotland) Ltd Camulodunum Investments Ltd GLIL Blue Comet Holdings Limited Agility Trains East Limited Agility Trains East (Midco) Limited Agility Trains East (Holdings) Limited	10046509 10824179 10266130 09918883 10360543 12315576 SC281105 11108175 12880831 07930598 07930515 07930434
John Douglas	Investment Manager	GLIL Renewable Holdings	12315576

**Greater Manchester Pension Fund Statement of Accounts 2020/21**

<b>Name</b>	<b>Position in GMPF 2020/21</b>	<b>Company in which directorship is held</b>	<b>Company Registration Number</b>
Kevin Etchells	Investment Manager	Island Site (General Partner) Ltd Island Site (Nominee) Ltd	11532059 11532379
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Ltd Matrix Homes (General Partner) Ltd Plot 5 First Street GP Ltd Plot 5 First Street Nominee Ltd Manchester Charles Street Residential (ELP GP) Ltd Manchester Charles Street Residential (SLP GP) Ltd Island Site (General Partner) Ltd Island Site (Nominee) Ltd Manchester New Square (General Partner) Ltd	08725454  08980059 09904743 09919396 10977358  SC576947  11532059 11532379 11082473
David Olliver	Investment Manager	GLIL Corporate Holdings 3 Ltd	12932522

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 were consequently deferred pensioners during 2020/21:

<b>Name</b>	<b>Position</b>
Cllr J Fitzpatrick	Councillor member (resigned November 2020)
Cllr C Patrick	Councillor member
Cllr L Drennan	Councillor member
Cllr A Jabbar	Councillor member

The following members of the Management and Advisory Panels are in receipt of pension benefits:

<b>Name</b>	<b>Position</b>
Cllr G Cooney	Councillor member
Cllr M Smith	Councillor member
Cllr D Ward	Councillor member
Cllr K Cunliffe	Councillor member
Cllr A Mitchell	Councillor member



**Greater Manchester Pension Fund Statement of Accounts 2020/21**

The following member of the Management and Advisory Panels and the Local Board is a deferred pensioner by virtue of his membership of GMPF in current or previous employments:

<b>Name</b>	<b>Position</b>
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, are in receipt of pension benefits:

<b>Name</b>	<b>Position</b>
Cllr V Ricci	Councillor member
Cllr M Smith	Councillor member
Cllr J Taylor	Councillor member
Cllr A Jabbar	Councillor member
Cllr P Andrews	Councillor member
J Thompson	Employer representative
F Llewellyn	Employee representative
M Fulham	Employee representative
J Hammond	Scheme member 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:

<b>Name</b>	<b>Position &amp; Organisation</b>	<b>Organisation relationship with GMPF</b>
Cllr B Warrington	Member of Greater Manchester Combined Authority	Contributing employer
Cllr G Cooney	Employee of Manchester City Council	Contributing employer
	Trustee of Jigsaw Homes Group Limited (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 APH Developments Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg No 03989251)	Contributing employer
	Director of Mechanics' Centre Ltd (Reg No 01983373)	Contributing employer

<b>Name</b>	<b>Position &amp; Organisation</b>	<b>Organisation relationship with GMPF</b>
Cllr G Newton	Employee of SUEZ Recycling & Recovery UK Ltd (Reg No 002291198)	Contributing employer
Cllr T Sharif	Director of Homestart Oldham, Stockport and Tameside Limited	Contributing employer
Cllr B Fairfoull	Member of Manchester Airport Consultative Committee	Contributing employer
Cllr K Cunliffe	Director of Wigan Metropolitan Development Company Limited (Co No: 01486410)	Contributing employer
Cllr A Jabbar	Deputy - Greater Manchester Combined Authority External Member - Oldham College	Contributing employer Contributing employer
Cllr M Barnes	Employee of University of Salford	Contributing employer
Cllr P Andrews	Member of Manchester Airport Consultative Committee Member of Manchester Port Health Authority Governor of Newall Green Primary School Director of Mechanics' Centre Ltd (Reg No 01983373)	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
P Taylor	Employee of LTE Group	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
M Cullen	Employee of Stockport MBC	Contributing Employer

## 19. Employer related investment

As at 31 March 2020 GMPF had £50,000,000 on short-term loan to Greater Manchester Combined Authority. This was repaid during 2020/21. There was £nil on loan to any contributing employers at 31 March 2021.

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 2021 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

A number of local authorities have brought forward their payment of pension (total £217 million) to make efficient use of their cash balances.

Contribn from Employers	Contribn from Employees	Benefits Paid		Contribn from Employers	Contribn from Employees	Benefits Paid
2020 £m	2020 £m	2020 £m		2021 £m	2021 £m	2021 £m
(23)	(7)	43	Bolton Borough Council	(24)	(7)	45
(15)	(5)	29	Bury Borough Council	(15)	(5)	30
(47)	(16)	107	Manchester City Council	(130)	(16)	107
(3)	(5)	36	Oldham Borough Council	(48)	(6)	38
(20)	(6)	37	Rochdale Borough Council	(20)	(6)	37
(20)	(6)	43	Salford City Council	(21)	(7)	45
(3)	(7)	35	Stockport Borough Council	(58)	(7)	36
(3)	(6)	36	Tameside Borough Council (administering authority)	(53)	(6)	36
(2)	(5)	28	Trafford Borough Council	(43)	(5)	27
(27)	(9)	45	Wigan Borough Council	(29)	(9)	45
(204)	(55)	241	Other scheme employers *	(225)	(61)	248
(92)	(25)	180	Admitted bodies *	(89)	(23)	188
<b>(459)</b>	<b>(152)</b>	<b>860</b>	<b>Total</b>	<b>(755)</b>	<b>(158)</b>	<b>882</b>

\* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2020/21 which will be available at [www.gmpf.org.uk](http://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](http://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). 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;
- 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.

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 2021 can be found in Note 25.

The key financial assumptions adopted for the 2019 valuation were:

Financial Assumptions	31 March 2019	
	% p.a. Nominal	% p.a. Real
Discount rate	3.60%	1.30%
Pay Increases	3.10%	0.80%
Price Inflation / Pension increases	2.30%	0.00%

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, where applicable, 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 £456.4 million (31 March 2020: £313.8 million) in exchange for which the custodian held collateral at fair value of £474.2 million (31 March 2020: £333.7 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 from which each member can select.

Note: The annual update from the Provider was not available at time of producing these accounts.

Contributions paid		£0
Units purchased	0	
Units sold	0	
<b>Fair value as at 31 March 2021</b>		<b>£0</b>
Fair value as at 31 March 2020		£72,333,546

### 25. Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice on Local Authority Accounting 2020/21 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 Government's decision to make full indexation, relating to the ruling on the equalisation of Guaranteed Minimum Pensions (GMPs) between men and women, the permanent solution for public service pension schemes including the LGPS. 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 2020/21.

### Financial Assumptions

31 March 2020 % p.a.	Year ended:	31 March 2021 % p.a.
1.9%	Inflation/pension increase rate	2.9%
2.7%	Salary increase rate	3.6%
2.3%	Discount rate	2.0%

### Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 20208 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	20.5 years	23.3 years
Future pensioners*	21.9 years	25.3 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 2020 £m		31 March 2021 £m
28,264	Present value of promised retirement benefits	37,007

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 2020		Change in assumptions at year ended 31 March	31 March 2021	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)		Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
9%	2,544	0.5% increase in the Pension Increase Rate	9%	3,331
1%	283	0.5% increase in the Salary Increase Rate	1%	370
3%	848	1 year increase in member life expectancy	3%	1,110
10%	2,826	0.5% decrease in Real Discount Rate	10%	3,701

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.

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# Agenda Item 12.

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
<b>Subject:</b>	<b>AUDIT PANEL FORWARD PLAN AND TRAINING</b>
<b>Report Summary:</b>	The report sets out the updated forward plan and training programme for the Audit Panel for 2021/22 and 2022/23.
<b>Recommendations:</b>	Members are asked to: <ol style="list-style-type: none"><li>1) Approve the updated work programme, including training, as set out in <b>Appendix 2</b>; and</li><li>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.</li></ol>
<b>Corporate Plan:</b>	The functions of the Audit Panel support the operations of the Council, which deliver the objectives of the Corporate Plan.
<b>Policy Implications:</b>	An effective Audit Committee supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	An effective Audit Committee supports corporate governance, internal control, risk management and arrangements to ensure value for money.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	Failure to organise in this way would put the Council at greater risks of successful regulatory, judicial and ombudsman challenge.
<b>Risk Management:</b>	The Audit Committee supports effective risk management and internal control arrangements across the Council.
<b>Access to Information:</b>	This report is to be considered in public.
<b>Background Papers:</b>	The background papers relating to this report can be inspected by contacting Wendy Poole.
	 Telephone: 0161 342 3846
	 e-mail: <a href="mailto:wendy.poole@tameside.gov.uk">wendy.poole@tameside.gov.uk</a>

## 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**.
- 1.2 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.
- 1.3 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

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

To assist the Audit Panel with delivering its terms of reference, officers have prepared the updated work plan for 2021/22 and 2022/23. 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. Members of the panel are asked to consider whether any additional items or training are 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**

July 2021	September 2021	November 2021	March 2022	June 2022	July 2022
<b>Financial Reporting and Accounts</b>					
Draft Statement of Accounts 2020/21	Audited Statement of Accounts 2020/21 (Approval)		Accounting Policies and Critical Judgements	Draft Statement of Accounts 2021/22	Audited Statement of Accounts 2021/22 (Approval)
Outturn Finance Reports	Month 3 Finance Reports	Month 6 Finance Reports	Month 10 Finance Reports		Outturn Finance Reports
Treasury Outturn Report		Treasury Mid-Year review	Treasury Strategy		Treasury Outturn Report
<b>Internal Audit</b>					
Internal Audit Progress Report Q1		Internal Audit Progress Report Q2	Internal Audit Progress Report Q3		Internal Audit Progress Report Q1
Internal Audit Annual Report and Head of Internal Audit Opinion 2020/21			Risk Management and Audit Services Planned Work 2022/23	Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22	
Review of Internal Audit 2020/21				Review of Internal Audit 2021/22	
External Audit Assurance Letters from Management and TCWG 2020/21				External Audit Assurance Letters from Management and TCWG 2021/22	
					National Fraud Initiative (NFI) 2020 Summary Report

July 2021	September 2021	November 2021	March 2022	June 2022	July 2022
	NAFN Data and Intelligence Services Annual Report				NAFN Data and Intelligence Services Annual Report
			CIPFA Fraud and Corruption Tracker – Tameside Report 2020/21		
<b>External Audit</b>					
TMBC Annual Audit Letter 2019/20  Tameside MBC Audit Strategy Memorandum – 2020/21  GM Pension Fund Audit Strategy Memorandum – 2020/21	Audit Findings Report (ISA260)	Annual Audit Letter	Audit Strategy Memorandums		Audit Findings Report (ISA260)
<b>Risk Management</b>					
Corporate Risk Register Review  Risk Management Policy and Strategy 2021 - 2023		Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review  Risk Management Report	
Information Governance Update Report	Information Governance Update Report	Information Governance Update Report	Information Governance Update Report		Information Governance Update Report
<b>Internal Control and Governance Environment</b>					

July 2021	September 2021	November 2021	March 2022	June 2022	July 2022
		Procurement Update			Procurement Update
Code of Corporate Governance 2021/23					
Review against the Code of Corporate Governance				Review against the Code of Corporate Governance	
Draft Annual Governance Statement 2020/21	Annual Governance Statement 2020/21 (Approval)	Annual Governance Statement Improvement Plan Update	Annual Governance Statement Improvement Plan Update	Draft Annual Governance Statement 2021/22	Annual Governance Statement 2021/22 (Approval)
<b>Work Plan</b>					
Forward Plan	Forward Plan	Forward Plan	Forward Plan		Forward Plan
<b>Training</b>					
Training – To Be Determined	Training – Accounts	Training – To Be Determined	Training – To Be Determined	Training – To Be Determined	Training – Accounts
<b>Other</b>					
Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)

<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Wendy Poole – Head of Risk Management and Audit Services
<b>Subject:</b>	<b>PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES – QUARTER 1 2021/22</b>
<b>Report Summary:</b>	To advise members of the work undertaken by the Risk Management and Audit Service for Quarter 1 of 2021/22 and to comment on the results.
<b>Recommendations:</b>	That members note the report and the performance of the Service Unit for Quarter 1 of 2021/22.
<b>Links to Corporate Plan:</b>	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
<b>Policy Implications:</b>	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications:</b> <b>(Authorised by the Borough Treasurer)</b>	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.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	<p>This report is provided to Members to demonstrate compliance with the Accounts and Audit Regulations 2015 (as amended) which in turn demonstrates proper administration of the Council's affairs.</p> <p>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.</p> <p>Such prudent management is all the more critical during periods when the council is operating in a challenging financial climate and to ensure that where necessary lessons are learned and management improved.</p>
<b>Risk Management:</b>	Assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed.
<b>Access to Information:</b>	<p>The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting:</p> <p> Telephone: 0161 342 3846</p> <p> e-mail: <a href="mailto:wendy.poole@tameside.gov.uk">wendy.poole@tameside.gov.uk</a></p>

## 1. INTRODUCTION

- 1.1 This is the first progress report for the current financial year and covers the period April to June 2021.
- 1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Audit Service during the first quarter of the year in respect of the approved Plan for 2021/22, which was presented to the Audit Panel on 16 March 2021.

## 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 2021/22 are detailed in Table 1 below together with a progress update to June 2021.

Key Priorities 2021/22	Progress Report - June 2021
To continue to work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities, to review the process for recording and evaluating risks and develop operational risk registers. A key priority will be to develop the monitoring of risk registers to ensure they are reported appropriately to officers and members.	<p>The refreshed Risk Management Policy and Strategy is being presented to the Audit Panel on 27 July 2021, which includes an updated risk register template and process.</p> <p>The Corporate Risk Register is updated and presented to the Single Leadership Team and the Audit Panel quarterly.</p> <p>Work with service areas to refresh operational risk registers using the revised template will be a priority for the team in Quarter 2.</p>
To deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.	Work is ongoing to deliver the Work Plan and new policies, procedures and guidance documents are being presented to the Information Governance Group for consideration, ahead of them being presented to the Audit Panel for approval. A new quarterly Information Governance Report will be presented to the Audit Panel.
To work with senior managers to ensure that Service Area/Units Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.	Work will commence later in year when the Council has determined the new working arrangements for staff, thereafter plans can be updated and refreshed.
To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.	This review has commenced and will be completed by September 2021.
To review the information held and introduce regular reports for management in terms of claims received to inform and improve risk management process.	The format and presentation of the reports is being reviewed to ensure the information they add value.



Key Priorities 2021/22	Progress Report - June 2021
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.	The Team continue to provide advice and support to services areas across all four disciplines as and requested:- <ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Insurance</li> <li>• Information Governance</li> <li>• Business Continuity Planning</li> </ul>
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	Meetings have taken place to review the Corporate Risk Register but a more formal approach will be identified and introduced.

### 3. INTERNAL AUDIT OVERVIEW

3.1 The Audit Plan approved on 16 March 2021 covered the period April 2021 to March 2022 and totalled 1,665 Days. This was made up of 1,272 days on planned audits and 393 days on reactive fraud work/investigations. The Plan Days have been slightly redistributed as an audit in the Approved Plan was in the wrong Directorate and the Days Brought Forward from 2020/21 were slightly different to the split anticipated when the 2021/22 Plan was drafted in February 2021 and these changes are reflected in the Revised Plan 2021/22 column in Table 1.

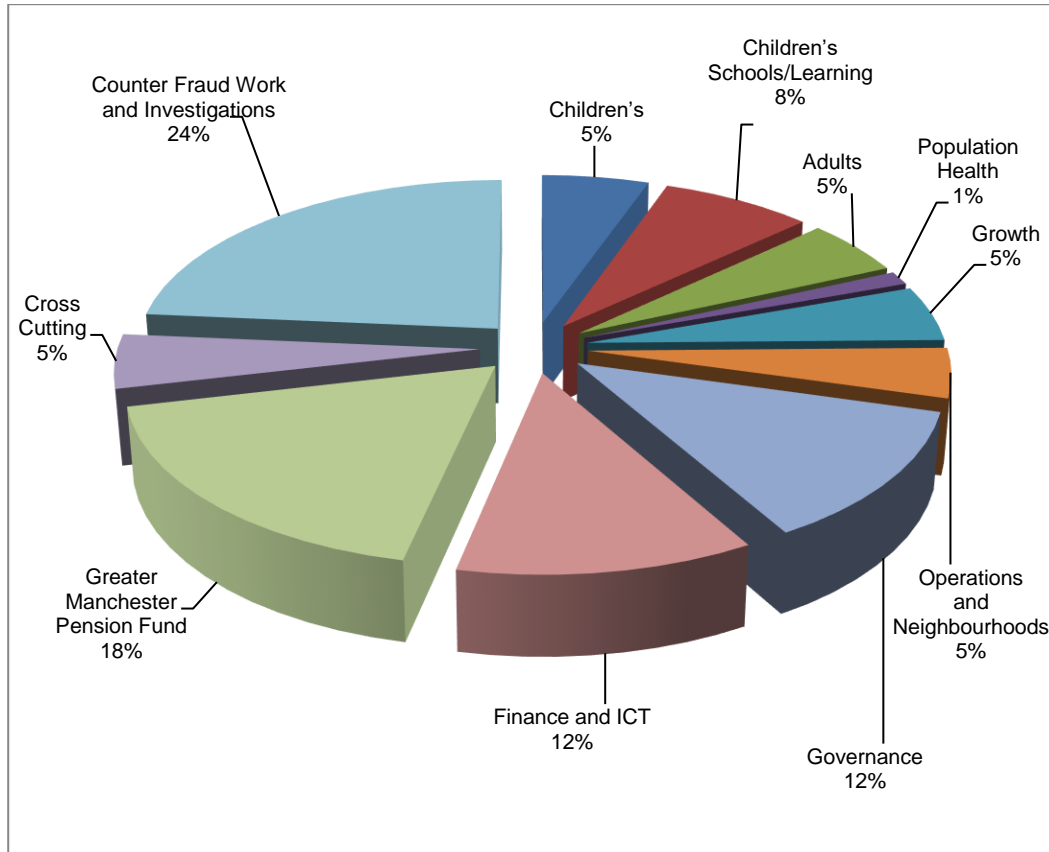
3.2 Table 1 below provides a summary of progress to the end of Quarter 1. The Table details the Approved Plan Days, Revised Plan Days, Actual Days delivered in Quarter 1 and the Days to be delivered in Quarters 2 - 4. The actual days in total are 334. **Appendix 1** provides a detailed breakdown of the 2021/22 Audit Plan and shows; the Audit Activity, Approved Audit Plan 2021/22, Revised Plan 2021/22, Actual Days, Days to Deliver in Quarters 2 - 4, Status and Level of Assurance.

#### 3.3 Table 1 – Annual Audit Plan Summary 2021/22

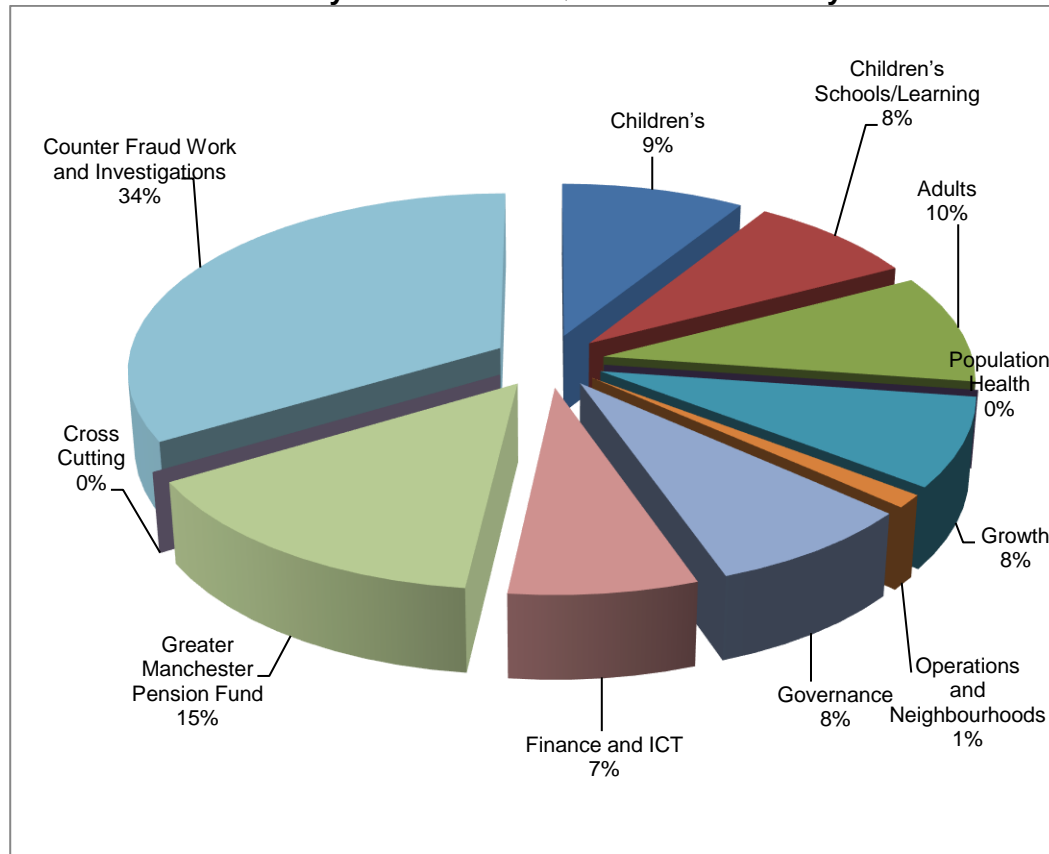
Service Area / Directorate	Approved Plan 2021/22	Revised Plan 2021/22	Actual Days To 2 July 2021	Variance Days to be Delivered in Q2 – Q4
Children's	85	90	30	60
Children's Schools/Learning	146	128	28	100
Adults	84	87	33	54
Population Health	21	21	0	21
Growth	85	86	27	59
Operations and Neighbourhoods	77	77	4	73
Governance	197	206	27	179
Finance and ICT	194	194	24	170
Greater Manchester Pension Fund	300	300	49	251
Crosscutting	84	84	0	84
<b>Total Planned Days 2021/22</b>	<b>1,273</b>	<b>1,273</b>	<b>222</b>	<b>1,051</b>
Counter Fraud Work/Investigations	393	393	112	281
<b>Total Planned Days for 2020/21</b>	<b>1,666</b>	<b>1,666</b>	<b>334</b>	<b>1,332</b>

3.4 The Pie Charts below present the Revised Plan 2021/22 and the Quarter 1 Actual Days delivered to 2 July 2021.

**Pie Chart 1 – Revised Audit Plan 2021/22**



**Pie Chart 2 – Actual Days Delivered to Quarter 1 as at 2 July 2021**



- 3.5 The Risk Management and Audit Team are continuing to work from home. The vacant Senior Auditor post has now been filled, however, the new starter only joined the team in the last week of June, which is later than anticipated when the Plan for 2021 was compiled. This will have an impact on the delivery of the plan and will need to be reviewed at the end of Quarter 2 when the plan will be reassessed.

#### 4. AUDIT ACTIVITY TO QUARTER 1 AS AT 2 JULY 2021

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

**Table 2 – Final Reports System/Risk Based Audits 2021/22**

Opinion	Quarter 1	Quarter 2	Quarter 3	Total for 2021/22	Total for 2020/21
High	2 (2)				5 (3)
Medium	1				7 (4)
Low	1 (1)				4
<b>Totals</b>	<b>4</b>				<b>16 (7)</b>

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

- 4.2 In addition to the Final Reports issued above, four 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);
  - Post Payment Assurance work in relation to COVID-19 Business Grants;
  - System Upgrades/Sign Offs
- 4.4 One Final Audit Report in relation to a School was issued during the period, the results of which are summarised in Table 3 below.

**Table 3 – Final Reports Schools**

Opinion	Quarter 1	Quarter 2	Quarter 3	Total for 2021/22	Total for 2020/21
High	0			0	3
Medium	1			1	5
Low	0			0	2
<b>Totals</b>	<b>1</b>			<b>1</b>	<b>10</b>

- 4.5 In addition to the final reports issued above, one further audit has been completed and the Draft Report has been issued to the School for management review and responses and it 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. Eleven Post Audit Reviews have been completed during the period and a summary of those completed is presented in Table 4 below and details the number of recommendations implemented. The percentage rate of recommendations implemented is currently 84%. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented and there are no significant issues outstanding to report to the

Panel. A further eight Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

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

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
St Stephen's CE Primary	8	8	100	
Greswell Primary	13	13	100	
Oakdale Primary	14	14	100	
Audenshaw Primary	11	11	100	
Income Management	12	12	100	
Pension Fund First Bus Asset Transfers	1	1	100	
Adults Locality Teams Care Management	23	20	87	Outstanding recommendations related to timing of reviews, service plans and review meetings.
Children's Budgetary Control and Financial Management	30	23	77	Issues to be addressed relate to budget setting, development of reports, fees, virements, training and service demand.
Liquid Logic	11	8	73	Declarations of Interest and Disaster Recover still need to be addressed.
Planning Process	18	11	61	Issues to be addressed related to Returns, Training, Reporting and system Access.
Pension Fund Creditors	11	6	55	The outstanding issues related to systems development, timing of payments and storage.
	<b>152</b>	<b>127</b>	<b>84</b>	

**5. REVIEW OF INTERNAL AUDIT**

5.1 The review of Internal Audit reported to the Audit Panel in July 2021 highlighted that the service is fully compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS), however, a few areas were identified where further development would improve the Audit Service and these have been added to the Service Development Plan for 2021/22 and shaded grey in Table 5.

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 16 March 2021. The service developments listed in Table 5 below were included for 2021/22.

**Table 5 – Service Developments 2021/22**

Developments	Progress to Date – June 2021
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the	Due to the impact of COVID-19 and capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance have not

Developments	Progress to Date – June 2021
internal audit team continues to support the SIRO function.	yet been assessed. A Work Plan is now in place and will be monitored by the Council's Information Governance Group.
To review the Post Audit Review process to ensure the process is effective, conducted in a timely manner and reported appropriately. The use of the Audit Management system 'Galileo' will be reviewed to ascertain whether it will realise any further efficiencies in the process.	The process is currently being reviewed and consultation with staff and other internal audit services is underway.
To review the audit process and the Quality Control Checklist to ensure they work efficiently in the virtual world.	Scheduled for September 2021
To review the Fraud Response Plan in light of virtual working and the Savings Recording Spreadsheet to ensure it is fit for purpose.	Scheduled for Summer 2021
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 deferred awaiting the outcome of the NHS reorganisation of CCG's. Deadline December 2021
A formal assurance mapping exercise needs to be undertaken and documented. An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group.	An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group. Deadline March 2022
An independent review needs to be undertaken to evaluate the effectiveness of the organisation's risk management processes.	An audit has been included in the Internal Audit Plan for 2021/22 and will be undertaken in the second half of the year.
The audit process needs to be reviewed to ensure that reports are issued in a timely manner.	Scheduled to be completed by December 2021

## 6. ANNUAL GOVERNANCE STATEMENT

- 6.1 The Draft Annual Governance Statement for 2020/21 is on the agenda as a separate item.
- 6.2 The Final Annual Governance Statement for 2020/21 will be presented to the Audit Panel in September 2021 for approval, before being signed by the Executive Leader and the Chief Executive.

## 7 IRREGULARITIES/COUNTER FRAUD WORK

- 7.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach.
- 7.2 All investigations and assistance cases are reported to the Standards Panel on a regular basis for challenge and comment and where appropriate further guidance and direction is provided. Liaison with Legal Services takes place on a case by case basis.
- 7.3 Ongoing assistance cases can range from obtaining information for an investigating officer to actually undertaking some analysis work and providing evidence for the investigatory process. This work can range from analysing expenditure records, internet usage, identification of undeclared assets and assisting other organisations to progress their investigations.
- 7.4 The number of cases investigated during the period April to June 2021 is summarised below in Table 6.

**Table 6 – Investigations Undertaken from April to June 2021**

Detail	No. of Cases
Cases B/Forward from 2020/21	36
Current Year Referrals	17
<b>Total</b>	<b>53</b>
Cases Closed	31
Cases Still under Investigation	22
<b>Total</b>	<b>53</b>
<b>Assistance Cases</b>	<b>11</b>

- 7.5 The above investigations can be categorised by fraud type and grant type as shown in Tables 7 and 8 below.

**Table 7 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £
Adult Social Care	6	16,123
COVID-19 Business Support Grants	38	258,111
Children's Social Care	3	2,176
Council Tax	1	-
Blue Badge	3	-
Pensions	1	5,644
Procurement	1	-
<b>Total</b>	<b>53</b>	<b>282,054</b>

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

Fraud Type	No. of Cases	Estimated Value £	Cases Still under Investigation £	Payments Stopped To Date £	Grants being Recovered via Invoice £
Business Rate	21	188,240	118,240	10,000	60,000
Discretionary	17	69,871	5,000	64,871	0
<b>Total</b>	<b>38</b>	<b>258,111</b>	<b>123,240</b>	<b>74,871</b>	<b>60,000</b>

- 7.8 The fraudulent claims paid totalling £60,000 are being reviewed in conjunction with the Assistant Director of Exchequer and the Head of Legal to ensure a robust and cost effective recovery process is put in place. The challenge added by referring claims to the Fraud Investigators has prevented claims being paid totalling £74,871.
- 7.9 The data sets for the National Fraud Initiative (NFI) 2020 Exercise were received in February 2021 and are currently being reviewed and investigated. Table 9 below provides details of the findings to date. Updates will be provided to future Panel Meetings as further investigations are conducted and data sets released by the Cabinet Office.

**Table 9 – National Fraud Initiative (NFI) Findings to June 2021**

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Pensions to DWP Deceased Persons	52	936	High	36	900	29 Frauds 7 Errors £35,947
Pensions to Payroll	54 and 55	1256	High	-	1256	-
Deferred Pensions to DWP Deceased	53	158	High	152	6	-
Housing Benefits to Student Loans	2	15	High	8	7	-
Housing Benefits Claimants to DWP Deceased	49.1	32	High	32	-	-
Council Tax Reduction Scheme to Pensions	435.1 436.1 439.1	884	High	293	591	49 Errors £10,745
Council Tax Reduction Scheme to Payroll	435 436	50	High	5	45	1 Error £1,354
Council Tax Reduction Scheme to Council Tax Reduction Scheme	446	17	High	5	12	1 Error £2,338
Council Tax Reduction Scheme to DWP Deceased	482	77	High	77	-	-
Blue Badge to DWP Deceased	172.1	297	High	-	297	-
Housing Benefit Claimants to Taxi Drivers	47.1 47.2	58	High	11	47	-
<b>Totals</b>		<b>3,780</b>		<b>619</b>	<b>3,161</b>	<b>29 Frauds 58 Errors £50,384</b>

## 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.

**Table 10 – NAFN Membership**

Member Type	Dec 2020	March 2021	June 2021	Diff
Local Authorities	356	362	360	-2
Housing Associations	63	66	68	+2
Other Public Bodies	24	27	29	+2
<b>Totals</b>	<b>443</b>	<b>455</b>	<b>457</b>	<b>+2</b>
Registered Users	14,100	14,199	14,089	-110

- 8.2 Membership levels continues to increase across all groups with an overall gain of two new members. This growth in 2021 is more significant considering that eight local authorities merged into two unitary councils with a consequential loss of six members. NAFN is carrying out a significant house-keeping exercise cleansing its user database. This has seen a reduction in registered users through account deletion and deactivation.
- 8.3 During 2020-21 intake was below that in previous years principally because of the COVID-19 national emergency which impacted all NAFN members in terms of their priorities and overall resources. It is very encouraging that this period of low intake appears to have ended and NAFN members are now pursuing their fraud investigations with greater vigour and using NAFN as a key resource for data and intelligence.
- 8.4 During 2021-22 Q1, the NAFN Service Team received a significant growth in intake across all request types. The most significant increases were for Investigatory Powers Act (up 157% on Q1 last year and well in excess of the forecasted intake), DVLA requests (up 76%) and Type B online requests (up 42%), (See Table 11 below).

**Table 11 – NAFN Requests Received**

Type of Request	2021/22 Q1	2021/22 Q2	2021/22 Q3	2021/22 Q4	Totals 2020/21	Totals 2019/20
General Data Protection	5,505				23,648	31,294
Driver and Vehicle Licensing Agency	2,993				10,082	14,044
Investigatory Powers Act – Communications Data	860				2,312	1,725
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,539				10,001	11,638
Type B (Online)	43,038				150,858	174,474
<b>Grand Total</b>	<b>54,935</b>				<b>196,901</b>	<b>233,175</b>

- 8.5 New working relationships created during the Covid-19 emergency have been maintained and new opportunities for collaboration and joint-working continue to arise. For example, we have been approached by BEIS with a request to set-up a 'secure wiki space' providing a searchable contact list for all local and national regulators, HMRC and the Police. Also, we have been speaking to NHS Test and Trace about providing access to services such as bank account validation and discussions are underway with HMRC to explore data sharing opportunities.
- 8.6 NAFN continues to provide regular communications to members including monthly newsletters, service updates and intelligence alerts. The webinar training programme has



continued with good take-up and we have recently launched our e-learning and CPD platform to members with the first module focussing on the acquisition of communications data under the Investigatory Powers Act.

- 8.7 Following the NAFN Executive Board's decision to scope and deliver a wide range of service improvements, NAFN conducted an extensive consultation with members to ascertain their appetite, including a survey and a series of focus groups. Feedback was encouraging with members generally satisfied with the services provided. However, feedback clearly identified that our business processes need to be simpler, intuitive and flexible. As a consequence, NAFN will be pursuing business improvement rather than business transformation.

## **9 RECOMMENDATION**

- 9.1 That members note the report and the performance of the Service Unit for Quarter 1 of 2021/22.

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**INTERNAL AUDIT PLAN 2021/22 - QUARTER 1 PROGRESS REPORT**

**APPENDIX 1**

Audit Activity	Approved Plan 2021/22	Revised Plan 20201/22	Actual Days	Quarters 2 - 4	Status	Level of Assurance
<b>CHILDREN'S</b>				0.00		
Supporting Families	0.00	0.00	0.65	-0.65	Work in Progress	
Safeguarding	15.00	15.00	0.00	15.00	Q2 - Q4	
Children's Homes	5.00	5.00	0.00	5.00	Q2 - Q4	
Fostering	15.00	15.00	10.10	4.90	Work in Progress	
Conference and Review Process	15.00	15.00	0.00	15.00	Q2 - Q4	
Transition of Clients From Children's to Adults Services	15.00	15.00	0.00	15.00	Q2 - Q4	
Control Report - Agency Workers Timesheets	0.00	1.50	0.88	0.62	Work in Progress	
Procurement of Placements for Children	1.00	1.00	2.07	-1.07	Draft Report Issued	
Children's Homes - Review of Expenditure	1.00	4.50	6.88	-2.38	Draft Report Issued	
ICS Early Help Module	10.00	10.00	0.00	10.00	Q2 - Q4	
PAR - Budgetary Control and Financial Management	1.00	1.00	3.67	-2.67	Completed	
Planning and Control	5.00	5.00	1.70	3.30	Ongoing	
Advice and Support	2.00	2.00	4.56	-2.56	Ongoing	
<b>TOTAL FOR CHILDREN'S</b>	<b>85.00</b>	<b>90.00</b>	<b>30.51</b>	<b>59.49</b>		
<b>SCHOOLS AND LEARNING</b>						
Attercliffe Primary and Nursery	6.00	6.00	0.00	6.00	Q2 - Q4	
Milbrook Prim and Nursery	6.00	6.00	0.00	6.00	Q2 - Q4	
Russell Scott Primary	6.00	6.00	0.00	6.00	Q2 - Q4	
Livingstone Primary	6.00	6.00	0.00	6.00	Q2 - Q4	
Aldwyn Primary	6.00	6.00	0.00	6.00	Q2 - Q4	
Corrie Primary and Nursery	6.00	6.00	0.00	6.00	Q2 - Q4	
Milton St Johns C E Primary	6.00	6.00	7.81	-1.81	Draft Report Issued	
St Pauls R C Primary and Nursery Hyde	6.00	6.00	0.00	6.00	Q2 - Q4	
St Peters RC Primary and Nursery Stalybridge	6.00	6.00	0.00	6.00	Q2 - Q4	
St Raphael's R C Primary	6.00	6.00	7.12	-1.12	Work in Progress	
Holy Trinity C E Primary	6.00	6.00	0.00	6.00	Q2 - Q4	
St Josephs R C Primary and Nursery	6.00	6.00	0.00	6.00	Q2 - Q4	
Thomas Ashton Primary and Secondary Centres	10.00	10.00	0.00	10.00	Q2 - Q4	
Samuel Laycock School	10.00	10.00	0.00	10.00	Q2 - Q4	
St James R C Primary and Nursery Hattersley Hyde	1.00	0.60	0.95	-0.35	Final Report Issued	Medium
PAR - St Stephens C E Primary Audenshaw	1.50	0.25	0.63	-0.38	Completed	
PAR - Greswell Primary and Nursery	1.50	0.15	0.61	-0.46	Completed	
PAR - Oakdale Primary	0.00	1.50	1.60	-0.10	Completed	

**INTERNAL AUDIT PLAN 2021/22 - QUARTER 1 PROGRESS REPORT**

**APPENDIX 1**

Audit Activity	Approved Plan 2021/22	Revised Plan 2020/22	Actual Days	Quarters 2 - 4	Status	Level of Assurance
PAR - Audenshaw Primary School	0.00	1.00	0.98	0.02	Completed	
PAR - Canon Burrows C E Primary	0.00	2.00	1.73	0.28	Work in Progress	
Planning and Control	10.00	10.00	4.42	5.58	Ongoing	
Advice and Support	10.00	10.00	1.71	8.29	Ongoing	
Post Audit Reviews	15.00	10.50	0.00	10.50	Allocated When Required	
<b>TOTALS FOR SCHOOLS/LEARNING</b>	<b>131.00</b>	<b>128.00</b>	<b>27.56</b>	<b>100.44</b>		

<b>ADULTS</b>						
Contract Monitoring - Care Homes	5.00	8.85	8.10	0.75	Work in Progress	
Home Care	15.00	0.00	0.00	0.00	Q2 - Q4	
Safeguarding - Adult Services	15.00	15.00	6.19	8.81	Work in Progress	
Out Of Hours	15.00	15.00	0.00	15.00	Q2 - Q4	
Budgetary Control and Financial Management	15.00	15.00	0.00	15.00	Q2 - Q4	
Learning Disabilities Client Accounts	0.00	15.00	16.55	-1.55	Draft Report Issued	
PAR - Locality Teams - Care Management	1.00	0.15	0.56	-0.41	Completed	
Planning and Control	5.00	5.00	1.04	3.96	Ongoing	
Advice and Support	5.00	5.00	0.63	4.38	Ongoing	
Post Audit Reviews	8.00	8.00	0.00	8.00	Allocated When Required	
<b>TOTAL FOR ADULTS</b>	<b>84.00</b>	<b>87.00</b>	<b>33.06</b>	<b>53.94</b>		

<b>Population Health</b>						
Contract Monitoring - Sexual Health	15.00	15.00	0.00	15.00	Q2 - Q4	
Planning and Control	3.00	3.00	0.21	2.79	Ongoing	
Advice and Support	1.00	1.00	0.00	1.00	Ongoing	
Post Audit Reviews	2.00	2.00	0.00	2.00	Allocated When Required	
<b>TOTALS FOR POPULATION HEALTH</b>	<b>21.00</b>	<b>21.00</b>	<b>0.21</b>	<b>20.79</b>		

<b>GROWTH</b>						
Post Payment Assurance - Discretionary Business Grants	10.00	10.00	3.19	6.81	Work in Progress	
Capital Project - Control Report - Hyde Community College	1.00	1.00	7.15	-6.15	Work in Progress	
Hattersley Collaboration Agreement	6.00	6.00	0.00	6.00	Q2 - Q4	
Monitoring of the Facilities Management Contract	15.00	15.00	0.00	15.00	Q2 - Q4	
Monitoring Of The Catering Contract	15.00	15.00	0.00	15.00	Q2 - Q4	
Building Control	15.00	15.00	0.00	15.00	Q2 - Q4	
Hattersley Collaboration Agreement	2.30	3.30	6.33	-3.03	Work in Progress	

**INTERNAL AUDIT PLAN 2021/22 - QUARTER 1 PROGRESS REPORT**

**APPENDIX 1**

<b>Audit Activity</b>	<b>Approved Plan 2021/22</b>	<b>Revised Plan 2020/21/22</b>	<b>Actual Days</b>	<b>Quarters 2 - 4</b>	<b>Status</b>	<b>Level of Assurance</b>
PAR - Section 106 Agreements	0.70	0.70	0.69	0.01	Work in Progress	
PAR - Planning Process	1.00	1.00	3.74	-2.74	Completed	
Planning and Control	5.00	5.00	0.67	4.33	Ongoing	
Advice and Support	4.00	4.00	5.14	-1.14	Ongoing	
Post Audit Reviews	10.00	10.00	0.00	10.00	Allocated When Required	
<b>TOTALS FOR GROWTH</b>	<b>85.00</b>	<b>86.00</b>	<b>26.92</b>	<b>59.08</b>		

<b>Operations and Neighbourhoods.</b>						
Transport (Transys) - System Sign Off	6.75	6.75	0.28	6.47	Work in Progress	
Control Report - Waste Collection	0.25	0.25	0.14	0.11	Work in Progress	
Homelessness and Advice	15.00	15.00	0.00	15.00	Q2 - Q4	
Welfare Rights - System Sign Off	5.00	5.00	0.00	5.00	Q2 - Q4	
Bereavement Services	15.00	15.00	0.00	15.00	Q2 - Q4	
Procurement	15.00	15.00	0.00	15.00	Q2 - Q4	
Local Authority Bus Subsidy Grant	2.00	2.00	0.00	2.00	Q2 - Q4	
Control Report - ABEN	0.00	0.00	1.05	-1.05	Work in Progress	
Planning and Control	5.00	5.00	2.06	2.94	Ongoing	
Advice and Support	5.00	5.00	0.21	4.79	Ongoing	
Post Audit Reviews	8.00	8.00	0.00	8.00	Allocated When Required	
<b>TOTALS FOR OPERATIONS AND NEIGHBOURHOODS</b>	<b>77.00</b>	<b>77.00</b>	<b>3.74</b>	<b>73.26</b>		

<b>GOVERNANCE</b>						
Post Payment Assurance - Business Grants	20.00	20.00	3.98	16.02	Work in Progress	
Debtors Full System	15.00	15.00	0.00	15.00	Q2 - Q4	
Housing Benefits	15.00	15.00	0.00	15.00	Q2 - Q4	
Council Tax	15.00	15.00	0.00	15.00	Q2 - Q4	
Softbox Upgrade	0.00	0.00	2.29	-2.29	Work in Progress	
i TREN T Self Service	3.00	3.00	1.30	1.70	Work in Progress	
Payroll - External Audit Checks	10.00	10.00	0.00	10.00	Q2 - Q4	
Registrars (Births, Deaths and Marriages)	5.00	5.00	4.41	0.59	Work in Progress	
Members Allowances - Publication	3.00	3.00	0.00	3.00	Q2 - Q4	
ATS - Applicant Tracking System - Greater Jobs	5.00	5.00	0.00	5.00	Q2 - Q4	
Procure to Pay System	2.00	0.00	0.49	-0.49	Final Report Issued	Medium
Capita One System	15.00	15.00	0.00	15.00	Q2 - Q4	
Duplicate Payment Exercise	3.00	3.00	1.20	1.80	Work in Progress	
Car Allowances Annual Review	2.00	2.00	0.00	2.00	Q2 - Q4	

**INTERNAL AUDIT PLAN 2021/22 - QUARTER 1 PROGRESS REPORT**

**APPENDIX 1**

Audit Activity	Approved Plan 2021/22	Revised Plan 2020/21	Actual Days	Quarters 2 - 4	Status	Level of Assurance
Project Assurance Work	10.00	10.00	0.00	10.00	Q2 - Q4	
Monthly Data Collection Teachers Pensions Phase 2	2.00	2.00	0.00	2.00	Q2 - Q4	
ICS Data Checks	15.00	15.00	3.64	11.36	Work in Progress	
Data Quality across systems - YOT, Adults, Waste	15.00	15.00	0.00	15.00	Q2 - Q4	
PAR - Control Report - NNDR Fraud	1.50	1.50	1.38	0.12	Work in Progress	
PAR - Determination and Recovery of Adult Service Care and Support Charges	2.50	2.50	0.07	2.43	Work in Progress	
PAR - Softbox	2.00	0.00	0.63	-0.63	Work in Progress	
PAR - Liquid Logic	2.00	0.00	0.28	-0.28	Completed	
Planning and Control	13.00	13.00	2.08	10.92	Ongoing	
Advice and Support	25.00	25.00	4.96	20.04	Ongoing	
Post Audit Reviews	11.00	11.00	0.00	11.00	Allocated When Required	
<b>TOTALS FOR GOVERNANCE</b>	<b>212.00</b>	<b>206.00</b>	<b>26.70</b>	<b>179.30</b>		

**FINANCE**

Cooperative Network Infrastructure (CNI)	8.00	8.00	4.31	3.69	Work in Progress	
Second PAR - Cyber Security Review	1.00	1.00	1.34	-0.34	Work in Progress	
Network Management	3.00	3.00	0.00	3.00	Q2 - Q4	
Access Control Management	5.00	5.00	0.00	5.00	Q2 - Q4	
Vulnerability Management	5.00	5.00	0.00	5.00	Q2 - Q4	
ICT Business Continuity and Disaster Recovery	16.00	16.00	0.00	16.00	Q2 - Q4	
Physical and Environmental Controls	5.00	5.00	0.00	5.00	Q2 - Q4	
Achievement of Savings Plans	15.00	15.00	0.00	15.00	Q2 - Q4	
VAT	15.00	15.00	0.00	15.00	Q2 - Q4	
Monitoring of Capital Programme	15.00	15.00	0.00	15.00	Q2 - Q4	
Treasury Management	15.00	15.00	9.36	5.64	Work in Progress	
Fixed Assets	15.00	15.00	0.00	15.00	Q2 - Q4	
George Byron Trust Audit of Accounts	1.00	1.00	0.00	1.00	Q2 - Q4	
External Audit Checks - General Expenditure	10.00	10.00	0.00	10.00	Q2 - Q4	
Risk Management	15.00	15.00	0.00	15.00	Q2 - Q4	
Information Governance	15.00	15.00	0.00	15.00	Q2 - Q4	
Review of Financial Regulations	0.00	0.00	4.12	-4.12	Completed	
PAR - Income Management	0.00	0.00	0.21	-0.21	Completed	
PAR - Third Party Supplier Management	0.00	0.00	0.69	-0.69	Work in Progress	
PAR - Review of Financial Systems - General Ledger	0.00	1.50	0.73	0.77	Work in Progress	
Planning and Control	10.00	10.00	1.94	8.06	Ongoing	
Advice and Support	9.00	9.00	1.40	7.60	Ongoing	

**INTERNAL AUDIT PLAN 2021/22 - QUARTER 1 PROGRESS REPORT**

**APPENDIX 1**

Audit Activity	Approved Plan 2021/22	Revised Plan 2020/21	Actual Days	Quarters 2 - 4	Status	Level of Assurance
Post Audit Reviews	16.00	14.50	0.00	14.50	Allocated When Required	
<b>TOTALS FOR FINANCE</b>	<b>194.00</b>	<b>194.00</b>	<b>24.11</b>	<b>169.89</b>		

<b>PENSION FUND</b>						
Debtors	15.00	15.00	0.00	15.00	Q2 - Q4	
Agresso Project	10.00	10.00	0.00	10.00	Q2 - Q4	
Website Security	7.00	7.00	0.00	7.00	Q2 - Q4	
Changes in LGPS Regulations	15.00	15.00	0.00	15.00	Q2 - Q4	
Contact Centre	10.00	10.00	0.00	10.00	Q2 - Q4	
Property Accounting	15.00	15.00	0.00	15.00	Q2 - Q4	
iKEN System Sign Off - Advice and Support	0.00	0.00	8.00	-8.00	Completed	
Capital Call Execution Service	15.00	15.00	0.00	15.00	Q2 - Q4	
Fund Manager - Sci Beta	10.00	10.00	0.00	10.00	Q2 - Q4	
Northern Private Equity Partnership - NPEP	15.00	15.00	0.00	15.00	Q2 - Q4	
New Custodian - Northern Trust	0.00	0.00	0.66	-0.66	Final Report Issued	High
Fund Manager - Stone Harbor	1.00	1.00	4.09	-3.09	Work in Progress	
Compliance Function	15.00	15.00	0.00	15.00	Q2 - Q4	
Connect - Monthly Data Collection (Post Imp Review)	15.00	15.00	4.47	10.53	Work in Progress	
Restructure - Probation Service	5.00	5.00	0.14	4.86	Work in Progress	
Visits to Contributing Bodies	35.00	35.00	6.69	28.31	0. Unplanned	
Cyber Security (Salford)	5.00	5.00	0.14	4.86	Work in Progress	
MS 365	5.00	5.00	0.00	5.00	Q2 - Q4	
My Pension	5.00	5.00	0.21	4.79	Draft Report Issued	
SharePoint-One Drive (Salford)	6.00	6.00	0.00	6.00	Q2 - Q4	
AVC's (Contracts with Third parties)	15.00	15.00	0.31	14.69	Work in Progress	
Employer Agreements (Covenants)	15.00	15.00	0.00	15.00	Q2 - Q4	
Ill Health Insurance Arrangement	0.00	0.00	3.95	-3.95	Final Report Issued	High
Visit To Contributing Body - Salford City Council	0.00	0.00	0.91	-0.91	Final Report Issued	Consultancy
Visit to Contributing Bodies - Jigsaw Homes	0.00	0.00	3.16	-3.16	Final Report Issued	Low
Local Investments - GMPVF	6.00	6.00	6.70	-0.70	Work in Progress	
PAR - Creditors	0.00	0.00	0.21	-0.21	Completed	
PAR - First Bus Asset Transfers	0.00	1.00	1.08	-0.08	Completed	
PAR - Retirement Process	0.00	1.00	0.87	0.13	Work in Progress	
Investigation of Fraud and Irregularities/NFI	5.00	5.00	0.00	5.00	Q2 - Q4	
Information Security Incidents	5.00	5.00	0.00	5.00	Q2 - Q4	
Planning and Control	20.00	20.00	3.17	16.83	Ongoing	
Advice and Support	15.00	15.00	3.97	11.03	Ongoing	

**INTERNAL AUDIT PLAN 2021/22 - QUARTER 1 PROGRESS REPORT**

**APPENDIX 1**

Audit Activity	Approved Plan 2021/22	Revised Plan 20201/22	Actual Days	Quarters 2 - 4	Status	Level of Assurance
Post Audit Reviews	15.00	13.00	0.00	13.00	Allocated When Required	
<b>TOTALS FOR PENSIONS</b>	<b>300.00</b>	<b>300.00</b>	<b>48.72</b>	<b>251.28</b>		

<b>CROSS CUTTING</b>						
Rochdale STAR Audit - New Supplier Set Up	0.00	0.00	0.14	-0.14	Work in Progress	
Domestic Abuse - Contract Monitoring	15.00	15.00	0.00	15.00	Q2 - Q4	
Direct Payments	15.00	15.00	0.00	15.00	Q2 - Q4	
GMCA - Mandatory Grant Certification	20.00	20.00	0.00	20.00	Q2 - Q4	
Recruitment and Selection	15.00	15.00	0.00	15.00	Q2 - Q4	
Procurement	15.00	15.00	0.00	15.00	Q2 - Q4	
Post Audit Reviews	4.00	4.00	0.00	4.00	Allocated When Required	
<b>TOTALS FOR CROSS CUTTING</b>	<b>84.00</b>	<b>84.00</b>	<b>0.14</b>	<b>83.86</b>		

<b>TOTAL PLANNED DAYS FOR 2021/22</b>	<b>1273.00</b>	<b>1273.00</b>	<b>221.66</b>	<b>1051.34</b>		
<b>COUNTER FRAUD AND INVESTIGATIONS</b>	<b>393.00</b>	<b>393.00</b>	<b>112.00</b>	<b>281.00</b>		
<b>TOTAL DAYS FOR 2021/22</b>	<b>1,666.00</b>	<b>1666.00</b>	<b>333.66</b>	<b>1332.34</b>		

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# Agenda Item 14.

<b>Report to:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance Martin Nixon – Risk, Insurance and Information Governance Manager
<b>Subject:</b>	<b>CORPORATE RISK REGISTER REVIEW</b>
<b>Report Summary:</b>	To present to the Corporate Risk Register detailed at <b>Appendix 1</b> and the draft Risk Management Policy and Strategy detailed at <b>Appendix 2</b> for comment and approval.
<b>Recommendations:</b>	Members consider and approve the - <ol style="list-style-type: none"><li>1. Corporate Risk Register attached at <b>Appendix 1</b></li><li>2. Draft Risk Management Policy and Strategy attached at <b>Appendix 2.</b></li></ol>
<b>Corporate Plan:</b>	Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents
<b>Policy Implications:</b>	Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	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.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	<p>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):</p> <p>‘A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk’.</p> <p>Regularly reviewing the Council’s arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility.</p> <p>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.</p> <p>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.</p>

**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



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## 1. INTRODUCTION

- 1.1 The report presents the revised and updated Corporate Risk Register for the Council for comment, challenge and approval. The report was presented to the Senior Leadership Team on 13 July 2021 and was updated in response to any comments received.

## 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 March 2021 and June 2021.
- 3.2 Risk owners (responsible Assistant Directors or Service Unit Managers) 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 Service delivery, working practices, and the Council's allocation of financial and staff resources continue to be influenced by the Covid-19 pandemic. This is illustrated by the risk scores still being at higher levels than prior to the March 2020 lockdown, as demonstrated by the 'heat map' comparisons provided under item 3.6.
- 3.4 The key developments highlighted by reviewing the risks in June are detailed below.

Risk	Comment	Risk Rating March 2021	Risk Rating June 2021
2	<b>Not implementing the latest products or best practice in information technology.</b> Lack of dedicated resources to implement Microsoft Office 365 software increases risk that benefits will not be fully realised.	6	12
3	<b>Failure to manage the local home care market and care home capacity.</b> In-house service has been established to support the market, taking care packages at short notice where providers are struggling to set up immediate support.	16	12
8	<b>Negative impact of Coronavirus on health and wellbeing objectives.</b> Daily monitoring of data and Covid rates to inform ongoing strategy to contain Covid surveillance in place to monitor Variants of Concern (VOC) and Variants under Investigation (VUI).	25	25
9	<b>Vulnerable adults are put at risk due to poor systems/processes and reduced service provision.</b>	12	9

Risk	Comment	Risk Rating March 2021	Risk Rating June 2021
	Extensive vaccination programme has reduced the risk of Covid infection so now in a position to support more face-to-face assessments and meetings with service users.		
22	<b>The community cohesion activities undertaken do not have the required results.</b> Tameside are ahead of the curve in terms of managing Covid rates, the speed of delivery and high uptake of the vaccine by communities.	12	6

3.5 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 risks in October 2019.

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

#### Heat Map 1 – March 2021 (23 Risks)

	Likelihood	Impact level				
		Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Major Disaster (5)
Almost Certain	(5)					1
Very likely	(4)			5	8	1
Likely	(3)		1	1	1	2
Unlikely	(2)				1	1
Very Low	(1)				1	

#### Heat Map 2 – June 2021 (23 Risks) RISK MISSING ONLY ADDS UP TO 22

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

## 4. REFRESHED RISK MANAGEMENT POLICY AND STRATEGY

4.1 The Draft Risk Management Policy and Strategy is attached as **Appendix 2**.

4.2 The draft document includes revised contents in line with the ISO3000:2018 Risk Management Standard, and guidance provided under the ALARM (Association of Local Authority Risk Managers) 'Risk Management Toolkit'

Updated contents include –

- Revised definition of risk management.
- Roles and Responsibilities changed to fit latest organisational structure.

- Risk Register template modified to include new risk scoring matrix and requirement to record Inherent and Residual risk scores.
- Risk Scoring descriptors added to provide guidance to risk owners on correct use of 1-5 Impact and Likelihood scoring categories.

4.3 The Template was agreed by a working group which met prior to the Covid Pandemic and meets the requirements of both the Council and the Tameside and Glossop Clinical Commissioning Group (CCG). However, as the CCG is currently going through organisational change, it is recommended that the document is approved for the Council only at this stage until clarification of the structure and future process are known.

## **5. RECOMMENDATIONS**

5.1 As set out on the front of the report.

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Corporate Plan Theme	Risk No.	Risk Description	Impact Score	Likelihood Score	Risk Rating (Impact/Likelihood) March 2021	Impact Score	Likelihood Score	Risk Rating (Impact/Likelihood) June 2021	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	June 2021 Review Comments
Starting Well	1	The Council is unable to deliver its Medium Term Financial Plan - Failure to deliver services within available 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	4	20	5	4	20	➡	Kathy Roe	Caroline Barlow	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. This allowed 2021/22 budget to be balanced and the 2020/21 outturn was on budget. However, there remains a sizeable gap to close, which has been compounded by the pandemic, delayed/non delivery of savings and an uncertain funding outlook. A savings delivery tracker and reporting programme has been developed to ensure that delivery of savings is at the forefront of management attention. An early start to the 2022/23 budget setting process has commenced but significant financial challenges remain.
Living Well												
Ageing Well												
Great Place Inclusive Growth												
Corporate Support and Enabling Services	2	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.	2	3	6	3	4	12	⬆	Kathy Roe	Tim Rainey	In recent months the level of risk has reduced due to improvements such as the distribution of new laptops and conversion to Windows 10 for Council users. The decision in February 2021 to accelerate the deployment of the latest Microsoft Office 365 software across the organisation will once fully deployed also help to reduce the risk levels still further however at this point, a lack of dedicated resources to implement the new software increases the risk that benefits will not be fully realised.
Ageing Well	3	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	3	12	⬇	Stephanie Butterworth	Sandra Whitehead	The local care home market is experiencing increased costs associated with the Covid-19 pandemic Adult Services are working closely with provider to monitor the situation. The Council continues to distribute Government grants to providers with the aim to mitigate the increased costs relating to the pandemic in a timely way. There has been a 37% increase in the volume of home care hours commissioned across the home care sector - this has placed pressure on local providers. In-house service has been established to support the market, taking care packages at short notice where providers are struggling to set up immediate support. Continuing to work with the sector to recruit and retain adequate staffing levels.
Great Place Inclusive Growth	4	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.	3	4	12	3	4	12	➡	Jayne Traverse	Paul Smith	The integrated asset management plan is in place and key members of the Strategic Asset team have started their employment.
Starting Well	5	Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision.	5	3	15	5	3	15	➡	Richard Hancock	Tracy Morris	Tameside's Safeguarding Children's Board and agreed procedures and guidance are 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. Contacts and open cases have both now increased significantly compared to pre Covid levels over the past 5-6 months.
Starting Well	6	Failure to ensure effective services (LACS, 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	Tim Bowman	Although significant progress has been made to address the necessary improvements, it is likely that a SEND Local Area Review will conclude that Tameside requires a written statement of action. A new SEND Strategy has been agreed by Executive Cabinet and Improvement Plans are in place for all the identified improvement priorities. There is significant pressure on High Needs budgets. A High Needs Review has been carried out and recovery plans have been submitted to the DfE.
Corporate Support and Enabling Services	7	Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation.	4	3	12	4	2	8	⬇	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. The frequency of changes in guidance and legislation around Covid continue to be monitored by the Compliance Cell. Risk assessment and working practices are reviewed, changed and implemented according to the legislation. Issues are also raised through the Corporate and Directorate Health and Safety meetings. Changes to advice are reviewed through the Employment Consultation Group

Living Well	8	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.	5	5	25	5	5	25	➡	Jeanelle de Gruchy	Debbie Watson	Outbreak Management Plan in place. Testing strategy (LFD and PCR) and contact tracing approach well developed. Training, advice, guidance and support developed to support the Council and partners on Covid prevention, infection control, health & safety, PPE provision - bespoke support to educational settings, workplaces, health and social care settings. Proactive approach to identification of clusters and outbreaks followed by robust multi-agency response. Communications plan is in place - Community champions network and covid marshalls in place and ongoing development of simple clear precise communications, messages, guidance, advice and support via humanitarian hub. Corporate risk assessments completed by all Directorates. Covid governance driving strategic approach to safely managing the risks and threats arising from the Covid-19 pandemic and assurance mechanisms feeding into GM SCG and GM Covid Committee. Daily monitoring of data and Covid rates to inform ongoing strategy to contain Covid. Surveillance in place to monitor Variants of Concern (VOC) and Variants under investigation (VUI).
Ageing Well	9	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.	3	4	12	3	3	9	⬇	Stephanie Butterworth	Sandra Whitehead	Adults Services have adjusted working practices to fit social-distancing restrictions and put in place mitigations to ensure safeguarding protection to vulnerable adults. Extensive vaccination programme has reduced the risk of infection and serious illness so now in a position to support more face to face assessments and meetings with service users - this will improve direct contact to ensure people are appropriately supported and risks are identified, and where appropriate safeguarding considerations are addressed.
Living Well	10	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 Support and Enabling Services	11	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	Homeworking during the pandemic and as we build back and recover is still perceived to have increased the risk level due to the handling of data off-site. A Homeworking Policy is to be prepared to provide guidance on safety, IT and information governance best practice. Additional resources have recently been added to the Risk, Insurance and Information Governance Team and a Work Plan is now in place monitored by the Information Governance group to ensure compliant practices are in place across the Council.
Corporate Support and Enabling Services	12	Ineffective procurement and contract monitoring - Procurement does not deliver value for money and is not conducted in line with best practice, PSOs and legislation. The strategic focus on commissioning is less effective due to a lack of skills and capacity to drive the change in culture.	3	3	9	3	3	9	➡	Kathy Roe	Caroline Barlow	STAR procurement are embedded within the organisation and have appropriate contract register, monthly spend data and reporting processes in place. A new contract register and management tool is being implemented which will add to existing mitigations for this risk. Additional training has been rolled out for managers to ensure all procuring managers are adequately trained. STAR management are attending regular delivery meetings at Assistant Director level to further integrate them into the organisation.
Great Place Inclusive Growth	13	Tameside is unable to exploit growth opportunities and this has a detriment to residents, local businesses and the borough's future prosperity.	3	4	12	3	4	12	➡	Jayne Traverse	Gregg Stott	There is continued push on taking forward key strategic sites and town centres working with landowners and the private sector. These future developments will seek to address and provide appropriate provision (including repurposing) and one which will seek flexibility and ability to the changing market. There have been recent success in attracting funding to undertake key investment/development studies and these will continue. In addition there is an expectation of further announcements at Budget around the Levelling Up Fund and UK Shared Prosperity Funding programmes with further detail to follow.
Starting Well	14	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 the NHS white paper and reorganisation at the GM level.
Living Well												Until the proposed legislation is passed through Parliament, it is difficult to evaluate the risks ahead. As further clarity is received on the GM Integrated Care System, risks will be identified, evaluated and reported in accordance with the joint principles agreed across the Place based leadership model.
Ageing Well												
Great Place Inclusive Growth	15	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	Citizens Advice Bureau and DWP lease documents are in place and awaiting completion. All information requested in respect of the College lease has been issued to the Legal Service to enable them to complete due diligence and the lease documentation.
Great Place Inclusive Growth	16	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 response to the current COVID-19 pandemic.	5	2	10	4	2	8	⬇	Ian Saxon Kathy Roe	Emma Varnam Mike Gurney Wendy Poole	Emergency Plan, Director on Call and Forward Incident Officers are in place, together with Business Continuity Plans so that service delivery can continue should an incident occur. During Covid, GM authorities have met weekly as part a Strategic Co-ordinating Group and a Tactical Co-ordinating Group supported by the Local Resilience Forum - the processes and support are well documented and the mutual aid support arrangements have been tested.



Great Place Inclusive Growth	17	The Council fails to benefit from the opportunities generated from the increased central government devolution to the Greater Manchester Region.	4	4	16	4	3	12	↓	Single Leadership Team	Senior Management Group	The council continues to develop its strategies around its town centres, housing and the economy. The pandemic has delayed the governments own "levelling up" agenda, but it is expected that there will be significant packages of support to drive the economic recovery in the post pandemic and Brexit Britain and the Council is getting prepared to take advantage of opportunities that will arise through its covid recovery planning which is aligned to the corporate plan.
Starting Well	18	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. Current expansion challenges are focused on expanding specialist (SEND) provision to meet demand. Analysis of pupil numbers going forward is strong, and delays to the capital development programme are being closely monitored by senior management in Children's and Growth, but a level of risk remains.
Corporate Support and Enabling Services	19	Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities.	4	1	4	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. Pension Fund risk registers were reviewed in June 2021.
Great Place Inclusive Growth	20	The lack of an up to date strategic planning framework and associated local policies to manage development in Tameside.	4	2	8	4	2	8	→	Jayne Traverse	Nick Fenwick	The GM Spatial Framework is no longer being taken forward as a joint Development Plan Document following the withdrawal from the plan by Stockport MBC. However, the remaining 9 Council Leaders have agreed to progress a Development Plan Document (DPD) named, 'Places for Everyone'. All of the 9 Councils have since progressed reports through their respective organisations detailing next steps, including the agreement to the establishment of a committee to prepare a joint DPD of now nine boroughs. The newly established Joint Committee is expected to have it's inaugural meeting shortly. Decisions on publishing for consultation Places for Everyone will be the subject of subsequent decisions by Cabinet and Council. The DPD provides the opportunity to enable Tameside Council to meet the Government's requirements for local authorities to have up to date Local Plans in place by December 2023. The scope and detail of individual Council Local Plans is the subject of Government's current planning reforms. The full details are still awaited and primary legislation still to be put in place.
Corporate Support and Enabling Services	21	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	Caroline Barlow Wendy Poole	Internal controls are in place across the Council to minimise the occurrence of fraud. The COVID-19 grants available to support residents/businesses during the pandemic have unfortunately caused an increase in the incidence of fraud referrals. There are robust systems in place for the processing of grant payments and any suspicious applications are investigated. The National Anti-Fraud Network (NAFN) Data and Intelligence Services circulate fraud bulletins and intelligence to help Councils spot and report organised fraud.
Living Well	22	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	2	6	↓	Ian Saxon	Emma Varnam	Significant progress has been made in reaching Tameside communities. Communication with the IAG has enabled Tameside to be ahead of the curve in terms of managing Covid rates and has added to the success of the vaccine roll out with speed of delivery and high uptake.
Corporate Support and Enabling Services	23	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.	4	4	16	4	4	16	→	Kathy Roe	Tim Rainey	In September, the Council approved its first cyber security strategy and the associated action plan details the measures that will be implemented to improve the cyber resilience. The Disaster Recovery facility has now been commissioned, along with a new backup and recovery system (including offsite tape backups) to keep data safe and secure. Additional resources are required to ensure the Cyber Security team have the capacity to effectively manage and deliver on this agenda and this requirement forms part of the Digital service review.

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# RISK MANAGEMENT POLICY AND STRATEGY 2021 - 2023



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## RISK MANAGEMENT POLICY STATEMENT

### 1. DEFINITION OF RISK MANAGEMENT

“All activities of an organisation involve risks. Risk management aids decision making by taking account of uncertainty and its effect on achieving objectives and assessing the need for any actions”\*. To control the risks an appropriate risk management process should be in place which requires “\*identification and analysis of risks, evaluating their likelihood and potential impact to determine 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 an organisation caused by undesired events”\*.

### 2. POLICY STATEMENT

The Council recognises that it has a responsibility to reduce and control risks effectively in order to manage its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to achieve its vision.

The Council is aware that risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focused approach to managing risk. However, risk management is not about being ‘risk averse’, it is about being ‘risk aware’. Some amount of risk taking is inevitable and necessary if the Council is to achieve its objectives. By being ‘risk aware’, the Council is in a better position to avoid threats, take advantage of opportunities and ensure its objectives and goals are realised.

Risk management is an integral part of the Council’s corporate governance arrangements and has been built into the management processes as part of the Council’s overall framework to deliver continuous improvement.

### 3. OBJECTIVES

The objectives of the Council’s risk management strategy are to: -

- Effectively manage potential threats and opportunities to the Council achieving its strategic objectives;
- Minimise the impact and/or likelihood of risks occurring in order to prevent death, injury, damage and losses, and reduce the cost of risk;
- Minimise the impact and/or likelihood of risks that could damage the reputation of and public confidence in the council;
- Raise awareness of risk management to all members and staff, making it an integral part of their thinking and actions and integrate risk management into the culture of the Council and its processes;
- Ensure a robust framework is in place to identify, assess and manage the risks facing the Council;
- Anticipate and respond to changing social, economic, environmental and legislative requirements;
- Inform policy and operational decisions by identifying risks and their likely impact and thereby improve use of resources.

These objectives will be achieved by: -

- Establishing clear roles, responsibilities and reporting lines within the Council for risk management;
- Maintaining risk registers at Corporate and Service levels, with risks linked to the Council's corporate, operational and partnership objectives;
- Reporting of risks to Service-level Management, Single Leadership Team (SLT) and the Audit Panel to ensure risk management is an integral part of Council management and decision-making;
- Ensuring the knowledge and skills of those engaged with the risk management process meet best practice by providing risk management training and awareness sessions;
- Purchasing insurance for those risks, which cannot be avoided or reduced further, always retaining risk where this is economically attractive;
- Effective communication with, and the active involvement of, employees in the risk management process, and
- Monitoring arrangements on an ongoing basis.

The Risk Management Strategy details how the above points are managed and implemented within the Council.

#### **4. RESPONSIBILITY FOR RISK MANAGEMENT**

The Council recognises that it is the responsibility of all members and employees to have regard for risk in carrying out their duties. If uncontrolled, risk can result in a drain on resources that could better be directed to front line service provision and to the meeting of the Council's objectives and community needs.

## RISK MANAGEMENT STRATEGY

### 1. INTRODUCTION

The Council provides a wide range of services. It is important that we manage risks effectively to prevent death, injury, operational disruption, reputational damage, and protect and preserve our assets from loss or damage that may affect our ability to provide the services to the residents of the Borough.

The aim of this Risk Management Strategy is to provide an effective framework whereby, having identified and evaluated its risks, the Council can design and implement appropriate measures to reduce the impact of those risks, where it would be cost-effective to do so. The explicit and measured acceptance of residual risk represents the Council's risk appetite; the objective is not to eliminate risk totally from service delivery and central support activities but to manage them.

The following methodology describes how to manage the threats and enhance the opportunities to support the efficient achievement of the aims and objectives of the Council -

- Identify all potential areas of loss;
- Analyse the likelihoods and impacts of these risks;
- Work out how to mitigate or control the potential losses; and
- Continually review what we do to make sure our actions are effective.

### 2. THE BENEFITS OF RISK MANAGEMENT

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole: -

- **Improved strategic management**
  - Greater ability to deliver against objectives and targets
- **Improved operational management**
  - Reduction in interruptions to service delivery
  - Reduction in managerial time spent dealing with the consequences of a risk event having occurred
  - Improved health and safety of those employees and those affected by the Council's undertakings
  - Increased effectiveness of change projects and programmes
- **Improved financial management**
  - Better informed financial decision making
  - Enhanced financial control
  - Reduction in financial costs associated with losses due to service interruption, compensation payments and litigation etc.
  - Reduction in insurance premiums
- **Improved customer services**
  - Minimal service disruption to customers and a positive external image as a result of all of the above.

### 3. THE RISK MANAGEMENT PROCESS

The purpose of the strategy is to ensure a consistent and structured approach to risk management across the whole Council and that the objectives identified in the Risk Management Policy are achieved. This will be delivered by the following: -

#### 3.1 Roles and Responsibilities

Identifying and allocating roles and responsibilities for Risk Management is essential if the strategy is to be developed, implemented, embedded and reviewed effectively. All roles are outlined in **Appendix A**, however, the key roles involved in directing and leading the risk management process to ensure that it is fully embedded in the culture of the Council are detailed below: -

- **Executive Member (Finance and Economic Growth)** . As part of his Portfolio he has the responsibility to lead, monitor, have oversight and where necessary to take decisions about policy/strategy and provision of corporate finance functions including Internal Audit, Risk Management and Insurance.
- **The Audit Panel** considers the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud, bribery and corruption arrangements. It also approves the Risk Management Policy and Strategy, seeks assurance over the top level ownership and accountability for risks, and seeks assurances that action is being taken on risk related issues identified by auditors and inspectors;
- **The Director of Finance and the Assistant Director of Finance**, supported by the Head of Risk Management and Audit Services, will ensure that all managers are aware of their responsibility for Risk Management, by regularly attending the Single Leadership Team to provide updates on new risk exposures and changes to the risk management process to ensure we keep pace with recommended best practice.
- **The Single Leadership Team** will consider risk management on a regular basis, ensuring that information and shared learning is disseminated within their service areas and requesting risk presentations from managers responsible for managing the corporate risks. It also regularly reviews the Risk Management Policy and Strategy to ensure it underpins the Council's strategy and objectives, allocates resources to address top risks, and creates a culture where risk management is promoted.
- **The Head of Risk Management and Audit Services/Risk, Insurance and Information Governance Manager** will be responsible for the coordination of advice and support including the identification of training requirements and for highlighting any significant new or worsening risks to SLT or the Audit Panel for review and action.

#### 3.2 Arrangements for Managing Risks

To manage risks effectively, they need to be systematically identified, analysed, controlled and monitored.

The Risk Management Guidelines including the Risk Register Template are detailed in **Appendix B**. The Template is versatile and can be used to record risks at many levels:-

- Corporate
- Directorate/AD
- Service Unit
- Projects



The information detailed in the risk register is detailed below:-

- Risk Number
- Organisation
- Date Added to Risk Register
- Risk Description
- Description of Impact (Consequence)
- Risk Category
- Inherent Impact and Likelihood Scores
- Inherent Risk Rating
- Controls in place to Mitigate Risk
- Evaluation of Controls
- Residual Impact and Likelihood Scores
- Residual Risk Rating
- Direction of Travel
- Risk Owner
- Responsible AD/SUM
- Proposed Actions (Including resulting benefits and cost)
- Responsible Officer
- Target Date for Proposed Action

Managers have the responsibility to record their business specific risks within an Operational Risk Register prepared for their own service area, no prescribed operational risks have been provided for evaluation.

It is the responsibility of all managers to enter their risks into the risk register template and regularly review and update them. Corporate risks will be recorded and updated by the Risk Management and Audit Service under the direction of the Single Leadership Team.

### 3.3 Monitoring Risks

Progress in managing risks will be monitored and reported on by the following: -

- **Risk Management and Audit**  
The risks recorded in the Risk Register Templates will be reviewed and challenged to ensure that risks have been captured in relation to the specific service area or unit and also to identify any potential areas, which require support or training.
- **Single Leadership Team**  
The Single Leadership Team will receive quarterly reports on the Corporate Risk Register and any significant operational/service risks and call managers to account to challenge and learn from risk management experience across the council.
- **Audit Panel**  
The Audit Panel receives quarterly progress reports including the Corporate Risk Register providing an update for members on risk management activities to enable them to challenge the risk management process in place in order to ensure that risks are being properly managed across the Council.

Internal Audit will carry out reviews of the Council's risk management arrangements to provide independent assurance as to their effectiveness. In view of the Head of Risk Management and Audit Services key role in risk management, the audit will either be undertaken under the auspices of the Assistant Director of Finance or via a peer review from another GM local authority.

Internal Audit has adopted a risk based approach and is therefore giving assurance that risks are being identified, assessed and managed constantly throughout the year whilst delivering the Annual Audit Plan.

The Head of Risk Management and Audit Services reviews the Corporate Risk Register as part of the audit planning process to ensure that the corporate risks are used to inform the Internal Audit Plan.

### **3.4 Training and Communication**

Training in risk management methodology and techniques will be provided to those officers with direct responsibility for and involvement in leading and directing the risk management process across the Council, i.e. representatives from: -

- Risk Management and Insurance
- Internal Audit
- Single Leadership Team
- Assistant Director Group
- Service Unit Managers

Risk Management training will be provided for all managers/officers responsible for managing risks via risk workshops and/or by one to one support sessions to further embed the risk management process.

The Risk Management and Audit Service will also provide advice and support to managers, for specific projects or undertakings to ensure the management of risks and discuss any implications for insurance cover as some policies have specific requirements that have to be adhered to.

Training in relation to risk management is also delivered corporately and in service areas, examples of these courses are: -

- Managing Safely
- Working Safely
- Moving and Handling Course (Adult Services)
- Food Hygiene and Infection Control (Adult Services)
- Stress Management

Risk awareness is a built in part of the audit process as all audits are undertaken on a risk basis and therefore the management of risks is a continual process.

Risk Management awareness sessions for all members and in particular the members of the Audit Panel will be reviewed and delivered in consultation with Training and Organisational Development.

### **3.5 Review of Risk Management Strategy**

This strategy will be reviewed biennially to ensure that it is still relevant and meets the requirements of the Council, its staffing structures and services and takes into account the dynamic nature of risk management.

## 4. RISK APPETITE

Risk appetite can be defined as “the amount and type of risk that an organisation is prepared to seek, accept or tolerate”.

Generally organisational attitudes to risk, including public sector organisations, can be said to range across a spectrum of attitudes and appetites, ranging from:-

- Low Risk/Risk Averse - here there is avoidance of any form of risk and uncertainty as a key organisational objective
- Medium Risk/Cautious - here the organisation’s preference is for safe delivery options that have a low degree of inherent risk
- High Risk/Risk-Seeking - the organisation is innovative and chooses service delivery options offering higher customer satisfaction/quality despite greater inherent risk in these activities.

It is important to note that risk appetites may often vary across different types of risk at different times, and may even vary across directorates in these terms and that an organisation’s overall risk appetite is often a composite or aggregate of these different risk appetites.

The current position for the Council is **Medium Risk/Cautious**

## 5. RISK MATURITY

The effectiveness of the Council’s risk management systems, in identifying and managing their principal business risks, can be assessed against the five levels of risk maturity. These are as follows.

- Risk Naïve - No formal approach developed for risk management.
- Risk Aware - Scattered silo based approach to risk management.
- Risk Defined - Strategy and policies in place and communicated. Risk appetite defined.
- Risk Managed - Enterprise wide approach to risk management developed and communicated.
- Risk Enabled - Risk management and internal control fully embedded in the operations.

The current position for the Council is **Risk Managed**.

## 6. PARTNERSHIPS

Working in partnership usually means that organisations will commit some level of resources, which may be significant, in terms of officer time or direct financial funding to develop and subsequently deliver the desired outcome.

Due to this level of commitment partnerships need to carefully consider the allocation of risks and ensure that these are duly recorded in case of future challenge. The Risk Register Template can be adopted for this purpose.

By using an identified Risk Management Strategy within a partnership, this will allow the risks of the Council to be mitigated as much as possible and support the objectives of the partnership towards a successful outcome.

## **7. INSURANCE COVER**

The Risk Management and Audit Service procure insurance cover on behalf of the Council to allow the transfer of certain risks. Consultation takes place annually at the renewal stage with appropriate service area officers to ensure that the covers required are still relevant and that asset valuations included in the schedules are kept up to date and remain appropriate.

Advice and guidance is provided to managers/officers as and when required in relation to insurance risk transfer.

## **8. CONCLUSION**

Risk Management is an important aspect to the effective overall management of the Council. It can benefit the achievement of objectives, whilst protecting the Council and community against preventable hazards.

In addition to offering cost savings it can also encourage innovation with undertakings on the basis that risks are identified and are reduced to acceptable levels, to ensure positive outcomes can be achieved.

Many of the skills and resources needed to manage risk effectively already exist within the Council. This strategy offers a structured approach, to assist with the process and support the application of the risk management methodology.

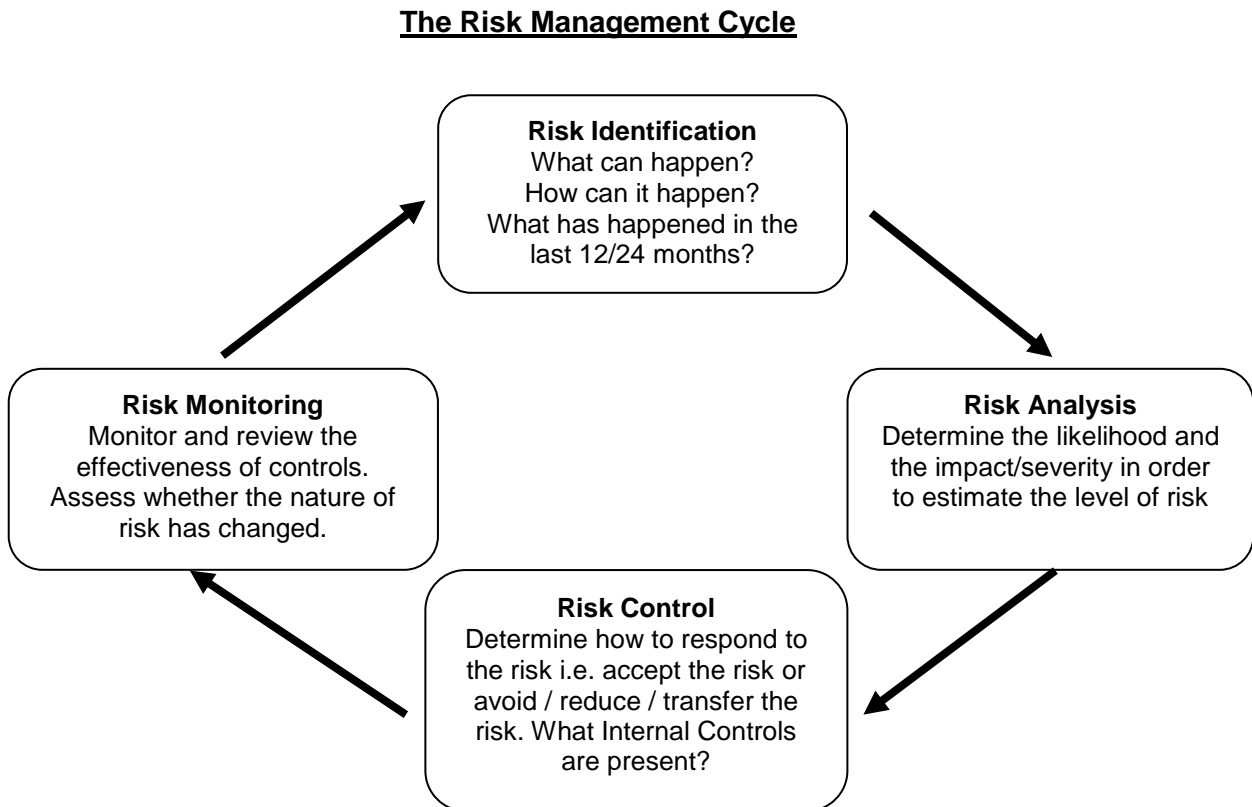
**ROLES AND RESPONSIBILITIES**

<b>Group</b>	<b>Role</b>
<b>Strategic Decision Makers e.g. Elected Members</b>	To oversee the effective management of risk by officers of the organisation.
<b>Single Leadership Team</b>	To ensure that the organisation manages risk effectively through the development of a comprehensive corporate strategy and consider corporate risks affecting the organisation.
<b>Head of Risk Management and Audit/Risk, Insurance and Information Governance Manager</b>	To support the organisation and its service areas in the effective development and implementation of risk management practices. To also highlight any significant new or worsening risks to SLT or the Audit Panel for review and action.
<b>Internal Audit</b>	Review and audit of the risk management strategy and systematic review of internal control systems.
<b>Single Leadership Team/ Assistant Director Group</b>	<p>To share experience on risk, risk management and strategy implementation across the organisation. To monitor and review risk registers. To also regularly review the Risk Management Policy and Strategy to ensure it underpins the Council's strategy and objectives, allocates resources to address top risks, and create a culture where risk management is promoted.</p> <p>To ensure that risk is managed effectively in each service area within the agreed corporate strategy.</p>
<b>Service Unit Managers</b>	To manage risk effectively in their particular service areas and to report on how hazards and risks have been managed to the Single Leadership Team.
<b>Employees</b>	To manage risk effectively in their jobs and report hazards/risks to their Service Unit Manager(s).

## RISK MANAGEMENT GUIDELINES

### 1 RISK MANAGEMENT CYCLE

1.1 The 4 stages in the risk management cycle are illustrated in the diagram below:



### 2 RISK REGISTERS

2.1 A risk register template has been developed in Excel for completion and it is attached below.



Risk Register  
Template - July 2021

2.2 The Risk Register requires the following details:-

- Risk No.
- Organisation
- Date Added to Risk Register
- Risk Description
- Description of Impact
- Risk Category (Drop Down Box – see 2.3 below)
- Inherent Impact and Likelihood Scores (Drop Down Box – see 2.3 below)
- Inherent Risk Rating
- Controls in Place to Mitigate Risks
- Evaluation of Controls (Drop Down Box – see 2.3 below)
- Residual Impact and Likelihood Scores (Drop down Box – see 2.3 below)

- Risk Rating (Formatted cell to calculate and highlight risk category see 2.4 below)
- Direction of Travel
- Risk Owner
- Responsible AD/SUM
- **Proposed Actions (Include resulting benefit and costs)**
- **Responsible Officer**
- **Target Date for Proposed Action**

The **purple bullet points** only need to be completed if the controls are judged to be ineffective or the risk rating is high.

2.3 The Drop-Down Box contents are as follows:-

Evaluation of Controls	Impact	Likelihood	Risk Category
Ineffective	1	1	Political
Partially Effective	2	2	Economic
Effective	3	3	Social
	4	4	Technological
	5	5	Legislative
			Environmental
			Competitive
			Stakeholders

2.4 The risk rating is arrived at by multiplying the impact score by the likelihood score. The cell within the spreadsheet is formatted so that the cell will be colour coded as shown below.

		IMPACT					
		Insignificant (Negligible) 1	Minor 2	Medium 3	Major 4	Major Disaster 5	
LIKELIHOOD	Almost Certain	5	5	10	15	20	25
	Very Likely	4	4	8	12	16	20
	Likely	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Very Low	1	1	2	3	4	5

#### Inherent and Residual Risk Scores

Both an Inherent Risk Rating and a Residual Risk Rating must be captured for every risk.

The Inherent Risk Rating is the gross score calculated on the basis that no control measures have been put in place, or that all controls are failing.

The Residual Risk Rating is the net score taking the positive effect of all existing controls into consideration.

The reduction in the Residual Risk Rating in comparison to the Inherent Risk Rating is a measure of the effectiveness of risk management controls.

## 2.5 Risk Scoring Descriptors

Guidance on how to assess and determine which score to assign to both the impact and likelihood of each risk is provided below.

### Impact Scores

1	Very Low	No injuries beyond 'first aid' level, No significant disruption to service capability, Unlikely to cause any adverse publicity, Low impact on a strategic objective, Low impact on an operational objective, Can be easily remedied, Low stakeholder concern, Damage to an individual's property without any injury.
2	Minor Impact	Minor disruption to the achievement of a strategic objective, Minor disruption to the achievement of an operational objective, Short term effect which may be expensive to recover from. Creates minor stakeholder concern, Minor injury to an individual or several people.
3	Moderate Impact	Medical treatment required - long-term injury, Short-term loss disruption of service capability, Needs careful public relations, No more than 10 people involved, High potential for complaint, litigation possible, Breaches of regulations/standards, Delays the achievement of a strategic objective, Delays the achievement of an operational objective, Medium term effect on recovery, Creates moderate stakeholder concern, Severe injury to an individual or several people.
4	High Impact	Extensive, permanent injuries, long-term sick, Medium-term loss of partnership capability, Adverse local publicity, Up to 50 people involved, Litigation to be expected, Breaches of the law punishable by fines only, Major delay in the achievement of a strategic objective, Major delay in the achievement of significant operational objective(s), Significant delays in recovery. Creates significant stakeholder concern, Major injury to an individual or several people.
5	Severe Impact	Death, Adverse national publicity, More than 50 people involved/affected, Litigation almost certain and difficult to defend, Breaches of law punishable with imprisonment, Prevents the achievement of a strategic objective, Prevents the achievement of significant operational objective(s), Very difficult and possibly long term recovery, Creates major stakeholder concern.

### Likelihood Scores

Grade Descriptor	1	2	3	4	5
Percentage	<15%	15-39%	40-59%	60-79%	>80%
Probability	Only occur in exceptional circumstances	Unlikely to occur	Reasonable chance of occurring	More likely to occur than not	Almost certain or happening now





- 2.6 Updated copies of Service Unit Risk Registers need to be emailed to the Risk Management Team mailbox at [risk.management@tameside.gov.uk](mailto:risk.management@tameside.gov.uk) so that a central depository can be maintained.
- 2.7 Risk Registers need to be regularly reviewed once completed to ensure they are still relevant and to capture any changes to risk to risk rating or the controls in place. Where proposed actions are identified to further mitigate a risk these need to be monitored more closely to ensure the desired outcome is achieved. Risk registers relating to specific projects (including service redesigns) need to be revisited on a regular basis to ensure that the risks are managed.

### **3 SUPPORT AVAILABLE**

- 3.1 Support and further guidance on preparation of risk registers, or any aspect of risk management, is available from the Risk Management and Audit Service.
- 3.2 Support can be tailored to meet the specific needs of individual Services, teams and managers. To discuss your requirements please contact Martin Nixon at [martin.nixon@tameside.gov.uk](mailto:martin.nixon@tameside.gov.uk) or on ext. 3883.

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<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	27 July 2021
<b>Reporting Officer:</b>	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
<b>Subject:</b>	<b>INFORMATION GOVERNANCE REPORT</b>
<b>Report Summary:</b>	The report provides an update on Information Governance across the Council and presents some key documents for approval.
<b>Recommendations:</b>	Members are asked to: <ol style="list-style-type: none"><li>1) Note the report.</li><li>2) Approve the Appropriate Policy attached at <b>Appendix 1</b>.</li><li>3) Approve the Records Management Policy attached at <b>Appendix 2</b>.</li><li>4) Approve the Personal Data Protection Procedure attached at <b>Appendix 3</b>.</li><li>5) Approve the Social Media Investigation/Internet Research Policy attached at <b>Appendix 4</b>.</li></ol>
<b>Corporate Plan:</b>	Strong information governance supports the individual operations, which deliver the objectives of the Council.
<b>Policy Implications:</b>	The documents will add further guidance to the Information Governance Framework to enable staff to adhere to the requirement of UK GDPR and the Data Protection Act 2018.
<b>Financial Implications:</b> <b>(Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	Non-compliance with the Data Protection Act 2018 or the UK General Data Protection Regulations can result in the Information Commissioner's Office imposing financial penalties up to maximum of £17 million or 4% of annual turnover (depending on which is larger) for the most serious breaches.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	Non-compliance with the UK General Data Protection Regulations and the Data Protection Act could expose the Council to an enforcement notice and/or a financial penalty from the Information Commissioners Office.
<b>Risk Management:</b>	Information is a valuable asset to the Council and personal information needs to be protected as privacy failures could be very damaging to the Council in terms of reputational damage and they could have significant financial implications. The necessity to update and refresh our Information Governance Framework is critical if we are to comply with the requirements of the UK GDPR and Data Protection Act.
<b>Access to Information:</b>	This report is to be considered in public.
<b>Background Papers:</b>	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. INTRODUCTION

The primary pieces of legislation relating to information governance and data protection are the General Data Protection Regulations (GDPR) which came into force from 25 May 2018 and were update to UK GDPR following the UK's departure from Europe and the Data Protection Act 2018.

## 2. UK GDPR - SEVEN KEY PRINCIPLES

There are seven principles under UK GDPR as detailed below.

### 2.1 Lawfulness, fairness and transparency

Personal data should be processed lawfully, fairly and in a transparent manner in relation to individuals.

### 2.2 Purpose limitation

Personal data should be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes is not be considered to be incompatible with the initial purposes.

### 2.3 Data minimisation

Personal data should be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed.

### 2.4 Accuracy

Personal data should be accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data is inaccurate, having regard to the purposes for which it is processed, is erased or rectified without delay.

### 2.5 Storage limitation

Personal data should be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data is processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the UK GDPR in order to safeguard the rights and freedoms of individuals.

### 2.6 Integrity and confidentiality (security)

Personal data should be processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

### 2.7 Accountability

Article 5(2) adds that "the controller should be responsible for, and be able to demonstrate compliance with, paragraph 1 ('accountability')." The accountability principle requires organisations to take responsibility for what they do with personal data and how they comply with the other principles. Organisations must have appropriate measures and records in place to be able to demonstrate compliance.

## 3 COMPLIANCE AT TAMESIDE

3.1 The Council has an Information Governance Framework in place which provides a suite of policies, procedures and guidelines to ensure we are compliant with the requirements of UK

GDPR and the Data Protection Act 2018. The Framework was first introduced in 2013 and a major update was undertaken prior to May 2018.

- 3.2 Information Governance is governed by the Data Protection Officer (DPO) and the Senior Information Risk Owner (SIRO) and the Information Governance Group. The key roles are detailed in Table 1 below:-

**Table 1 – Information Governance Key Roles**

Role	Officer
Data Protection Officer	Director of Governance and Pensions
Senior Information Risk Owner Information Governance Lead	Head of Risk Management and Audit
Information Governance Team	Risk, Insurance and Information Governance Manager Risk, Insurance and Information Governance Officers Risk, Insurance and Information Governance Assistant
Information Governance Group	DPO SIRO/Information Governance Lead Risk, Insurance and Information Governance Manager Risk, Insurance and Information Governance Officers Assistant Director – Digital Tameside Head of ICT Strategy and Operations Cyber Security Technical Specialist Head of Legal Services/Principal Solicitor Information and Improvement Business Manager Records Manager
Information Governance Champions	Risk, Insurance and Information Governance Manager Risk, Insurance and Information Governance Officers Directorate Representatives Information and Improvement Business Manager Records Manager
Audit Panel	Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
Assistant Directors	Information Asset Owners

- 3.3 Staff need to be trained on a regular basis to ensure compliance with UK GDPR and the Council has met this requirement by mandating training for all staff who use and have access to data and emails. Information governance/data protection training using E-Learning has been rolled out in January 2020 and June 2021 and is detailed below:-

- 2020 – Information Governance and cyber Security
- 2021 – Data Confidential and Cyber Ninjas

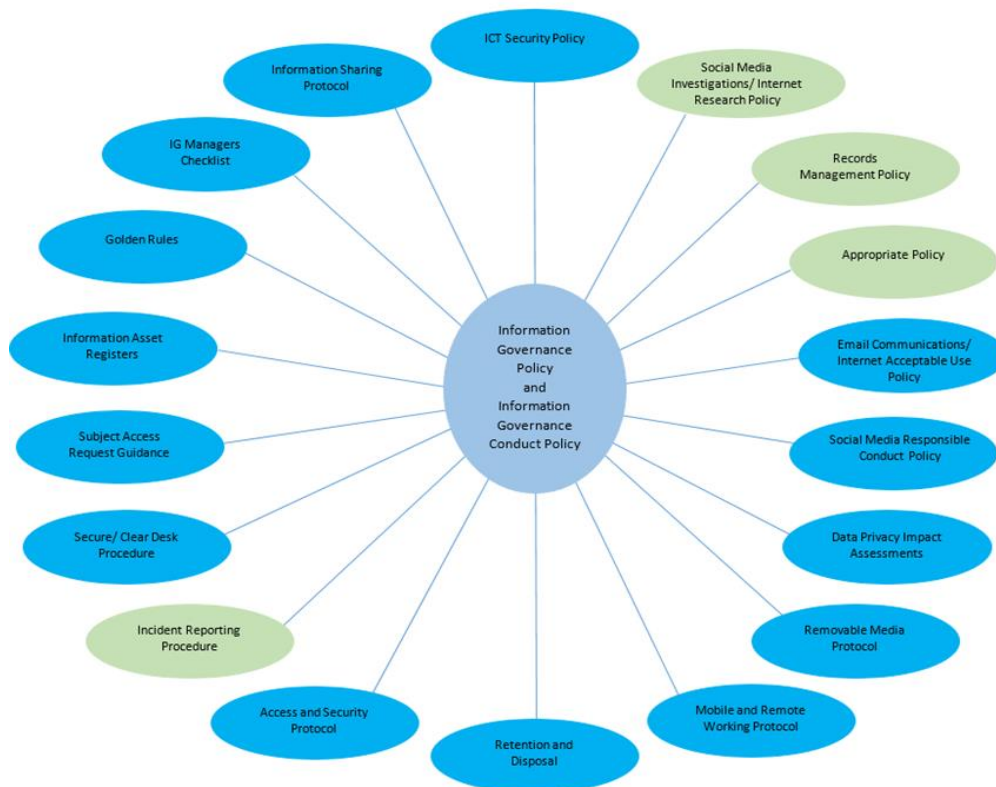
- 3.4 The existing Information Governance Framework in place is detailed in Diagram 1 below. It is available on the Staff Portal on the Information Governance page which also provides further information and links to guidance. Advice and Support is provided by the Risk, Insurance and Information Governance Team, the Records Manager and the Executive Support Team in terms of Freedom of Information Requests and Subject Access Requests.

- 3.5 The Council has a public Data Protection page on its website which details:-
- Privacy Notices – providing details of how the Council handles personal data;
  - Exercising Your Individual Rights in accordance with UK GDPR; and
  - Information Governance Policy

**Diagram 1 – Information Governance Framework**



**Diagram 2 – Revised Information Governance Framework**



**4 UPDATING THE FRAMEWORK**

4.1 The Information Governance Group, chaired by the Data Protection Officer has considered four documents at recent meetings that need to be approved by the Audit Panel.

Consultation has taken place with the Information Governance Champions and feedback has been incorporated into the versions attached in Appendices 1 – 4. The updated Information Governance Framework is detailed in Diagram 2 above and the new/updated documents are highlighted in green.

### **Appropriate Policy**

- 4.2 In order for the Council to carry out its statutory and public functions, the Council processes special category data and criminal offence data in accordance with the requirements of Article 9 and 10 of the UK General Data Protection Regulation and Schedule 1 of the Data Protection Act 2018.
- 4.2.1 This policy applies when the Council is processing special category data when relying on the requirements listed in Parts 1, 2 and 3 of Schedule 1 of the Data Protection Act 2018. This policy lists the procedures, which are in place to secure compliance with the UK General Data Protection Regulation and data protection principles, needed when processing special category data.
- 4.2.2 The policy is based on the advice and guidance provided by the Greater Manchester Information Governance Group and is in line with the guidance provided by the ICO and their own document which can be found here - [Policy document – our processing of special categories of personal data and criminal offence data | ICO](#).

The policy is attached at **Appendix 1** and covers:-

- Introduction and Scope
- Policy Statement
- Roles and Responsibilities
- Definition of Special Category Data
- Definition of Criminal Conviction Data
- Policy Document
- Conditions for processing special category and criminal offence data
- Procedures for Ensuring Compliance with the Principles
- Review Date
- Data Protection Officer
- General Enquiries
- Training
- Compliance and Monitoring

### **Records Management Policy**

- 4.3. The Council appointed a Records Manager in January 2019 to provide structure and guidance in terms of records management, the post sits within the Executive Support Service Unit in the Governance Directorate.
- 4.3.1 Records are a critical asset and are the basis on which decisions are made, services provided and policies developed and communicated. The public has a right to access information under the Freedom of Information Act 2000. These rights are diminished if information cannot be found when requested or, when found, cannot be relied upon as authoritative.
- 4.3.2 Good Records Management will benefit all staff and service areas across the Council and NHS Tameside and Glossop Clinical Commissioning Group (CCG). Benefits include but are not limited to:
- A reduction in time spent searching for information;
  - Improved information integrity due to fewer versions and duplications of documents;
  - Improved transparency and accountability;
  - A reduction in storage costs as data is cleansed;
  - Improved access to information;
  - An open and transparent foundation for decision-making;

- Preservation of the Council's and CCG's corporate memory;
- Supported continuity in the event of a disaster;
- Enhanced customer service and improved reputation with partner organisations;
- Protection and support in litigation;
- Compliance with legislation and regulations such as UK GDPR, the Data Protection Act 1998, employment legislation and health and safety legislation;
- Improved ability to demonstrate corporate responsibilities;
- Business intelligence and analysis of data is reliant on excellent record keeping; and
- Records of value to Tameside are identified and held by the Archive

4.3.3 The Records Management Policy is attached at **Appendix 2** and covers:-

- Introduction
  - Scope and Definitions
  - Summary of Recommended Good Practice
  - Roles, Responsibilities and Expectations of Records Management
  - What Records Need to be Kept
  - Digital Records Systems
  - Scanning Records
  - Physical Storage
  - Records Shared with and Stored by External Bodies
  - Destruction
  - Preservation
  - Legislation and Related Policies
  - Policy Review
  - Appendix 1 – Tips for Effective Records Management
  - Appendix 2 – IICSA Letter to Chief Executive \*
  - Appendix 3 – Guidance Note Regarding Retention \*
- \* Relates to the Independent Inquiry into Child Sexual Abuse (Goddard)
- Appendix 4 – Record Review Form and Questions

#### **Personal Data Breach Reporting Procedure**

4.4. In order for the Council to demonstrate that it is compliant with UK GDPR it needs a robust breach detection, investigation and internal reporting procedure in place. That will facilitate decision-making about whether a breach needs to be notified to the relevant supervisory authority, the Information Commissioner's Office or the affected individuals, or both.

4.4.1 The document attached at **Appendix 3** is an update on the existing procedure, which is currently titled, Information Security Incident Reporting Procedure and Practice Note and it has been refreshed based on experience and feedback received to date. The updated document has been renamed to Personal Data Breach Reporting Procedure as UK GDPR uses that terminology and all reports to the ICO relate to Personal Data Breaches.

4.4.2 The reporting form has also been refreshed and the order of the questions has been reviewed and the number condensed to facilitate completion in a timely manner. The deadline of reporting within 24 hours is reiterated within the document to enable the Council to meet its obligation of reporting with 72 hours of becoming aware of a breach. An E-Form has also been designed by ICT Services to provide an accessible tool to encourage managers to report all potential breaches within the 24 deadline.

4.4.3 The procedure consists of the following sections:-

- Introduction
- Definitions
- Roles and Responsibilities
- Reporting a Potential Personal Data Breach
- Breach / Near Miss Investigation
  - Initial Response



- Investigation Process
- Evaluation
  - Assessment of Ongoing Risk
- Action / Outcomes
  - Notification
  - Disciplinary Action
  - Policy and Procedural Changes
  - Employee Notification and Training
- Appendix 1 – Categories/Examples of Breaches and Near Misses
- Appendix 2 – Personal Data Breach Reporting Form (PDBRF01)

4.4.4 Appendix 1 in the updated procedure provides a list of:-

- Types of Potential Breach (based on experience)
- What Does a Breach look like?
- What does a Near Miss look like?

### **Social Media Investigations/Internet Research Policy**

4.5. It is recognised that the use of the internet and, in particular, social networking sites, can provide useful information for council staff carrying out research and/or investigations. These investigations may relate to the various organisational roles within the Council – for example, Fraud, Planning Enforcement, Education, Exchequer, Licensing, Environmental Health, but will equally apply to some non-enforcement teams, such as Adult Social Care.

4.5.1 The use of the internet and social networking sites may potentially fall within the definition of covert directed surveillance. This is likely to result in the breaching of an individual's Article 8 rights under the Human Rights Act (right to privacy). This use of online open source internet and social media research techniques will be a productive method to assist the Council with its regulatory and enforcement functions. It can also assist with other functions such as service delivery issues and debt recovery.

4.5.2 However, the use of the internet and social media is constantly evolving and with it the risks, particularly regarding breaches of privacy. So researching, recording, storing and using open source information regarding a person or group of people must be necessary and proportionate to protect the Council.

4.5.3 This policy sets out the framework on which the Council may utilise Social Media when conducting research and/or investigations. The aim of this policy is to ensure that investigations and/or research involving the use of Social Media are done so lawfully and correctly. The policy establishes the Council's corporate standards and instructions, which will ensure that all online research and investigations are conducted lawfully and ethically to reduce risk. It provides guidance to all staff, when they are engaged in their official capacity of the implications and legislative/best practice framework associated with online internet and social media research. It will also ensure that the activity undertaken, and any evidence obtained will stand scrutiny.

4.5.4 The aim is to ensure that information gathering, investigations or surveillance involving the use of Social Media are conducted lawfully and correctly in accordance with an individual's human rights and with due consideration of relevant legislation including:

- Human Rights Act 1988 (HRA)
- European Convention on Human Rights (ECHR)
- Data Protection Legislation (Data Protection Act 2018 (DPA))
- Regulation of Investigatory Powers Act 2000 (RIPA) together with the published codes of practice from the Home Office, Investigatory Powers Commissioner's Office (IPCO), formerly the Office of Surveillance Commissioners (OSC), and the Information Commissioner's Office

4.5.5 The policy attached at **Appendix 4** covers:-

- Background of Policy
- Legal Framework
- What is Meant by Social Media
- Utilising Social Media Within an Investigation
- Privacy Settings
- Risk
- Necessity/Justification
- Proportionality
- Private Information
- Collateral Intrusion
- Covert Human Intelligence Source (Chis)
- Definition of a Chis
- What is Permitted Under This Policy
- Council Policy Reflected across Directorates
- Teams within Regulatory Services
- Children and Families
- Adult Health and Social Care
- One-Off Visits
- What is not Permitted under this Policy
- Use of Official Organisation
- Departmental Social Media Accounts
- Capturing Evidence
- Activities by Members of The Public
- Use of Information and Material Obtained
- Preservation of Evidence
- Written Activity Records
- Reviewing the Activity

4.5.6 Once approved, implementation of the policy needs to be determined, so that controlled access is granted to a dedicated Social Media Account for the specific purpose of gathering information for investigations and ensuring investigators are acting lawfully. Online investigation tools are being reviewed.

4.5.7 Investigators will be required to attend training and options for delivery are being reviewed. If the potential expenditure in relation to the training and 4.5.8 above exceeds available budgets a funding bid will be prepared and submitted for consideration.

## **5 RECCOMEDATIONS**

5.1 As set out on the front of the report.



# **Appropriate Policy Processing Special Category Data/Criminal Conviction Data**

**Date: July 2021**

**Version: V3.0**

## Document Version Control

Document Version Control	
Issue Number	Date
1.0	16 April 2021 – Considered by Information Governance Group
2.0	15 May 2021 – Considered by Information Governance Champions Group
3.0	27 July 2021 – Audit Panel for Approval

This is a live document effective from the issue date. It supersedes any previous versions of this document, which are now withdrawn.

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## **1. Introduction**

- 1.1 In order for Tameside Council (the Council) to carry out its statutory and public functions, we process special category data and criminal offence data in accordance with the requirements of Article 9 and 10 of the UK General Data Protection Regulation (UK GDPR) and Schedule 1 of the Data Protection Act 2018 (DPA 2018).
- 1.2 This policy applies when the Council is processing special category data when relying on the requirements listed in Parts 1, 2 and 3 of Schedule 1 of the Data Protection Act 2018. This policy lists the procedures, which are in place to secure compliance with the UK General Data Protection Regulation and data protection principles, needed when processing special category data.

## **2. Scope**

- 2.1 This policy applies to all personal information including special category/criminal conviction data used, stored or shared by or with the Council whether in paper or digital form and wherever it is located. It also applies to all personal information and special category information processed by the Council on behalf of other organisations. Personal data is defined as:  
'any information relating to an identified or identifiable individual; an identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identification number (e.g. social security number) or one or more factors specific to his physical, physiological, mental, economic, cultural or social identity (e.g. name and first name, date of birth, biometrics data, fingerprints, DNA...)'.
- 2.2. This policy applies to all Council employees, seconded staff members, volunteers, third party contractors, temporary staff and employees of other organisations who directly or indirectly support Council services.
- 2.2. This policy also sets out how special category and criminal convictions personal data will be protected in line with Schedule 1 of the DPA 2018.
- 2.3. This policy applies to data processing where the Council is a data controller in its own right or is a data controller in relation to a multi-agency data sharing partnership. This policy also applies when the Council is acting as a Data processor on behalf of one or more data controllers.

## **3. Policy Statement**

- 3.1. Data Protection legislation governs how the Council will process personal and special category data including where applicable criminal conviction data collected from members of the public, current, past and prospective employees, clients and customers, law enforcement and other agencies.
- 3.2. This policy states how the Council will comply with Data Protection legislation to ensure that all the personal data held is collected, stored and used appropriately.

## **4. Roles and Responsibilities**

### **4.1. Chief Executive**

The Chief Executive is ultimately responsible for the organisation's compliance with data protection legislation. Part 7 of the DPA 2018 stipulates the Chief Executive's liability with regards to offences committed under the Act.

#### 4.2. Monitoring Officer

The Monitoring Officer is responsible for ensuring the lawfulness and fairness of Council decision making and must report on matters they believe are, or are likely to be, illegal or amount to maladministration. They are also responsible for matters relating to the conduct of members and officers. The Council's Director of Governance and Pensions (Borough Solicitor) is the Monitoring Officer.

#### 4.3. Senior Information Risk Owner (SIRO)

The SIRO has an overall strategic responsibility for governance in relation to data protection risks and is responsible for:

- Acting as an advocate for managing information risk within the Council championing and fostering a culture that values, protects and uses information for the success of the organisation and benefit of its customers;
- Owning the organisation's overall information risk policy and risk assessment processes and ensuring they are implemented consistently by IAOs;
- Providing written advice to the Council on the content of their annual governance statement in regard to information risk; and
- Owning the organisation's Information Incident Procedure and Practice Note. The SIRO for the Council is the Head of Risk Management and Audit.

#### 4.4. Data Protection Officer (DPO)

Under the Data Protection Legislation all public authorities must appoint a DPO. The DPO is responsible for:

- Informing and advising the Council and its employees of their data protection obligations.
- Monitoring compliance with the Data Protection legislation and internal data protection policies and procedures.
- Monitoring the assignment of responsibilities, awareness training, and training of staff involved in processing operations and related audits.
- Advising on whether a DPIA (data protection impact assessment) is necessary, how to conduct one and expected outcomes.
- Acting as the contact point for the supervisory authority (Information Commissioners Office) on all data protection issues, including data breach reporting.
- Serving as the contact point for data subjects e.g. employees, customers on privacy matters, including DSARs (data subject access requests).
- The Council will meet its obligations regarding the DPO role and as such will ensure that:
  - The DPO is involved, closely and in a timely manner, in all data protection matters;
  - The DPO reports to/is part of the highest management level of your organisation, i.e. board level at the Council this is the Single Leadership Team;
  - The DPO operates independently and is not dismissed or penalised for performing their tasks;
  - Adequate resources (sufficient time, financial, infrastructure, and, where appropriate, staff) is provided to enable the DPO to meet their GDPR obligations, and to maintain their expert level of knowledge;
  - The DPO has the appropriate access to personal data and processing activities; and
  - Appropriate access to other services within your organisation so that they can receive essential support, input or information. The Data Protection Officer for the Council is the Monitoring Officer.

#### 4.5. Information Asset Owners (IAOs)

Information Asset Owners (IAOs) are members of the Extended Leadership Team. Their role is to understand in their business area what information is held, what is added and what is

removed, how information is moved, and who has access and why. The IAO is responsible for:

- Ensuring they understand and address risks to the information;
- Ensure that information is fully used within the law for the public good; and
- Providing a written judgement of the security and use of their asset annually to support the audit process.

#### 4.6. Information Asset Administrators (IAA)

An IAO is accountable for the information assets under their control but may delegate day to day management responsibility to an IAA who would be responsible for:

- Managing the joiners, movers and leavers process within the team which may cut across the organisation and partner boundaries;
- Ensuring all team members keep their training up-to-date
- Managing the day to day security of the asset including access control management
- Identifying potential or actual security incidents and consulting the IAO on incident management
- Ensuring that risk assessments and other documents for projects are accurate and maintained
- Keeping and regularly reviewing records of Processing Activity
- Management of Information Asset Register (IAR)
- Act as gatekeeper ensuring that the Information Asset Owner is aware of any changes to the information asset or its use

#### 4.7. Information Security Officer/Cyber Security Technical Specialist

The Information Security Officer and Cyber Security Technical Specialist are responsible for developing and implementing the Council's Cyber Strategy and Information Security and associated policies and procedures to reflect local and national standards and guidance and legislative requirements. They also support the Council in ensuring compliance with information security requirements. This important role is managed by the Assistant Director Digital Tameside.

#### 4.8. Heads of Department will:

- Ensure all managers are made aware of this policy and understand their duties to ensure compliance across their teams;
- Notify the Information Governance Team and seek advice where activities involve the use of personal data. This includes any new projects, new data processing or any changes to existing processing;
- Ensure compliance with UK GDPR and Data Protection Legislation for all teams within their area; and
- Ensure all employees are appropriately trained in the safe handling and use of information and as a minimum complete the Council's data protection training every year.

#### 4.9. Line managers will:

- Ensure that their teams are made aware of this policy and understand its requirements;
- Fully implement the requirements of this policy within their teams; and
- Ensure all employees are appropriately trained in the safe handling and use of information and as a minimum completed the Council's data protection training every year.

#### 4.10. All staff must:

- Follow this policy for all processing of personal data throughout the Council;
- Protect any personal data within their care;



- Seek additional advice and guidance from their manager, Information Governance Team or the Data Protection Officer if unsure or in any doubt about how to handle personal information;
- Report any suspected or actual data breaches or any breaches of this policy to their line manager or the Information Governance team as soon as they become aware in line with the Information Incident Procedure and Practice Note; and
- Keep up to date with all Council Data Protection and Information Governance training that is appropriate to their role.

#### 4.11. Information Governance Team will:

- Will be the source of subject matter expertise in relation to data protection;
- Develop and inform strategies in relation to the use of personal data;
- Provide strategic oversight to large scale programmes of personal data sharing;
- Will advise on and provide support in relation to data protection and the handling and use of personal data;
- Will provide guidance and support to staff undertaking Data Protection Impact Assessments;
- Develop and maintain relevant policies and procedures in line with changes to legislation and best practice;
- Manage and monitor requests from Data Subjects who choose to exercise their individual rights including Subject Access Requests in line with Council policies and procedures;
- Manage and monitor any Information Security Incidents/Breaches in line with the Councils Information Security Incident Procedure.; and
- Develop and deliver training as required.

## 5. Special Category Data

The UK GDPR defines Special Category Data as personal data that reveals:

- Racial or ethnic origin;
- Political opinions;
- Religious or philosophical beliefs;
- Trade union membership;
- Genetic data;
- Biometric data for the purpose of uniquely identifying a natural person;
- Data concerning health; or
- Data concerning a natural person's sex life or sexual orientation.

## 6. Criminal Conviction Data

- 6.1 While not formally defined as special category data similar additional conditions and requirements also apply to criminal convictions and offences or related to security measures under Article 10 UK GDPR.
- 6.2 Section 11(2) of the DPA 2018 specifically confirms that this includes personal data relating to the alleged commission of offences or proceedings for an offence committed or alleged to have been committed, including sentencing. When processing such data the Council will ensure the relevant additional conditions and requirements are met.

## 7. This Policy Document

- 7.1 Under DPA 2018, there is a requirement for an Appropriate Policy Document to be in place when processing special category and criminal offence data under certain conditions. This document fulfils that requirement and should be read together with the Council's Information Governance Policy.
- 7.2 This document explains our procedures and compliance with the principles in Article 5 UK GDPR and our policies in relation to retention and erasure of this personal data. The document also explains our processing and satisfies the requirements of Schedule 1, Part 4 of the DPA 2018. In addition, it provides some further information about our processing of special category and criminal offence data where a policy document is not a specific requirement. The information supplements our corporate privacy notice which can be viewed [here](#) and the related service specific privacy notices.
- 7.3 The policy applies to all Council staff. "Staff" for the purposes of this policy includes Council officers, including contractors, consultants, interims and agency staff.

## 8. Conditions for processing special category and criminal offence data

- 8.1 Schedule 1 of DPA 2018 establishes conditions that permit the processing of the special categories of personal data and criminal convictions data. The Council in the processing of such data rely on the following conditions:

### Part 1 – Conditions relating to employment, social security and social protection

The Council will process:

- Personal data concerning health in connection with our obligations under employment law and to support employees in their work environment.
- We may also process data relating to criminal convictions under Article 10 UK GDPR in connection with our obligations under employment law in connection with recruitment, disciplinary processes or dismissal.
- Examples of processing include staff sickness absences and political activity declarations.

### Part 2 – Substantial Public Interest Conditions

#### Statutory etc. and government purposes

- Fulfilling obligations under UK legislation for the provision, evaluation and financial/contractual monitoring of services funded by the Council for residents within the Borough.
- Complying with other legal requirements, such as the requirement to disclose information in connection with legal proceedings.

#### Equality of opportunity or treatment

- Ensuring compliance with the Council's obligations under legislation such as the Equality Act 2010.
- Ensuring that we fulfil our public sector equality duty when carrying out our work.
- Ensuring we provide equal access to our services, to all sections of the community in recognition of our legal and ethical duty to represent and serve communities.

#### Preventing or detecting unlawful acts

- Processing data concerning criminal records in connection with employment in order to reduce the risk to the Council.
- Carrying out enforcement action in connection with the Council's statutory duties.
- Protecting the public against dishonesty etc.

- Processing data concerning dishonesty, malpractice, or other improper conduct in order to protect the residents of Tameside.
- Carrying out enforcement action in connection with the Councils statutory duties, like the Regulatory Reform (Fire Safety) Order 2005
- Carrying out investigations and disciplinary actions relating to our employees.
- Regulatory requirements relating to unlawful acts and dishonesty etc.
- Complying with the Council's enforcement obligations under UK legislation, like the Regulatory Reform (Fire Safety) Order 2005.
- Assisting other authorities in connection with their regulatory requirements.

#### Preventing fraud

- Disclosing personal data in accordance with arrangements made by an anti-fraud organisation.

#### Support for individuals with a particular disability or medical condition

To provide services or raise awareness of a disability or medical condition in order to deliver services to service users and their carers.

#### Counselling

For the provision of confidential counselling, advice or support or of another similar service provided confidentially.

#### Safeguarding of children and individuals at risk

- Protecting vulnerable children and individuals from neglect, physical, mental or emotional harm.
- Identifying individuals at risk whilst providing services and/or attending emergency incidents.
- Obtaining further support for children and individuals at risk by sharing information with relevant agencies.

#### Safeguarding of economic well-being of certain individuals

- To protect the economic wellbeing of an individual at economic risk who is aged 18 or over.
- Identifying individuals at risk whilst providing services and/or attending emergency incidents.
- Data sharing with our partners to assist them to support individuals.

#### Insurance

- Information that is necessary for insurance purposes.

#### Occupational pensions

- Fulfilling the Council's obligation to provide an occupational pension scheme.
- Determining benefits payable to dependents of pension scheme members.

#### Part 3 – Additional Conditions Relating to Criminal Convictions, etc.

Extension of conditions in Part 2 of Schedule 1 DPA 2018 referring to substantial public interest.

The Council may process personal data relating to criminal convictions in connection with its service obligations or as part of recruitment and employment checks to protect the public against dishonesty.

## 9. Procedures for Ensuring Compliance with the Principles

### Accountability principle

- 9.1 The UK GDPR states that the data controller must be responsible for, and be able to demonstrate, compliance with these principles. The Data Protection Officer and Senior Information Risk Owner are responsible for ensuring that the Council is compliant with these principles.
- 9.2 The Council will:
- Ensure that records are kept of all personal data processing activities and that these are provided to the Information Commissioner on request;
  - Carry out a Data Protection Impact Assessment for any high risk personal data processing and consult the Information Commissioner if appropriate;
  - Appoint a Data Protection Officer to provide independent advice and monitoring of the Council's personal data handling and that this person has access to report to the highest management level of the department;
  - Have in place internal processes to ensure that personal data is only collected, used or handled in a way that is compliant with data protection law;
  - All employees receive annual data protection and information security training;
  - Maintain logs of security incidents, data protection rights requests and details on information sharing with partners; and
  - Maintain a data protection policy that sets out how we will ensure we meet our obligations under the UK GDPR and DPA 2018.

### Principle 1: Lawfulness, Fairness and Transparency

- 9.3 Processing personal data must be lawful, fair and transparent. It is only lawful if and to the extent it is based on law and either the data subject has given their consent for the processing, or the processing meets at least one of the conditions in Schedule 1 DPA 2018.
- 9.4 The Council will:
- Ensure that personal data is only processed where a lawful basis applies;
  - Only process personal data fairly, and will ensure that data subjects are not misled about the purposes of any processing; and
  - Ensure that data subjects receive details on why we use and collect their data by providing privacy notices for services, so that any processing of personal data is transparent, as well as being clear and easy to understand.

- 9.5 Our processing for purposes of substantial public interest is necessary for the exercise of a function conferred on the Council by an Order or any other enactment (whenever passed or made).
- 9.6 Our processing for the purposes of employment relates to our obligations as an employer.
- 9.7 We also process special category personal data to comply with other obligations imposed on the Council in its capacity as a public authority e.g. the Equality Act 2010.

### Principle 2: Purpose Limitation

- 9.8 Personal data shall be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes.
- 9.9 The Council will:
- Only collect personal data for specified, explicit and legitimate purposes, and we will inform data subjects what those purposes are in a privacy notice;

- Not use personal data for purposes that are incompatible with the purposes for which it was collected. If we do use personal data for a new purpose that is compatible, we will inform the data subject first; and
- If we are sharing data with another controller, document that they are authorised by law to process the data for their purpose.

9.10 We process personal data for purposes of substantial public interest when the processing is necessary for us to fulfil our statutory/public functions, where it is necessary for complying with or assisting another to comply with a regulatory requirement.

9.11 The Council is authorised by law to process personal data for these purposes. We may process personal data collected for any one of these purposes (whether by us or another controller), for any of the other purposes here, providing the processing is necessary and proportionate to that purpose.

#### Principle 3: Data Minimisation

9.12 The Council will only collect data that is adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed. The Council will only collect the minimum personal data that we need for the purpose for which it is collected.

9.13 Where personal data is provided to us or obtained by us, but is not relevant to our stated purposes, this will be erased.

#### Principle 4: Accuracy

9.14 The Council will ensure that personal data is accurate, and kept up to date where necessary. We will take particular care to do this where our use of the personal data has a significant impact on individuals.

9.15 Where the Council becomes aware that personal data is inaccurate or out of date, having regard to the purpose for which it is being processed, we will take every reasonable step to ensure that data is erased or rectified without delay. If we decide not to either erase or rectify it, for example because the lawful basis we rely on to process the data means these rights don't apply, we will document our decision.

#### Principle 5: Storage Limitation

9.16 Personal data shall be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed.

- The Council will only keep personal data in identifiable form for as long as is necessary for the purposes for which it is collected, or where we have a legal obligation to do so. Once we no longer need personal data, it shall be deleted or rendered permanently anonymous. The Council will maintain appropriate Data Retention and Disposal Policies and Schedules.
- Retention periods are set out in our Retention and Disposal Schedules and are published in our Privacy Notices.
- Retention periods are based on legal requirements to retain data and consideration of the needs of data subjects through data protection impact assessments.

#### Principle 6: Integrity and Confidentiality (security)

9.17 Personal data shall be processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

9.18 The Council will ensure that there are appropriate organisational and technical measures in place to protect personal data.

- We adhere to the Government's Minimum Cyber Security Standards and implements information security controls in line with Public Sector Network, Payment Card Industry and the NHS Data Security and Protection Toolkit.
- The Information Governance Group meets regularly to ensure suitable information governance is deployed throughout the Council.
- Technical security controls such as encryption are employed to secure sensitive information within systems.
- Role-based access controls are implemented to restrict access to sensitive data.
- Where possible, anonymisation or pseudonymisation techniques are used to reduce the risk of sensitive data being compromised.
- Retention and Disposal Policies are in place to ensure data is retained in line with agreed retention periods, and securely disposed of when appropriate.
- We retain personal information only for as long as necessary to fulfil the purposes we collected it for, including for the purposes of satisfying any legal, accounting, or reporting requirements.

9.19 We will ensure, where special category or criminal convictions personal data is processed, that:

- There is a record of that processing, which complies with the requirements of Article 30 GDPR and paragraph 41 of Schedule 1 of the DPA and that record will set out, where possible, the envisaged time limits for erasure of the different categories of data;
- Where we no longer require special category or criminal convictions personal data for the purpose for which it was collected, we will delete it or render it permanently anonymous;
- We ensure all contracts with data processors include clauses regarding the exit of the contract and the return or destruction of any personal data processed.
- Data subjects receive full privacy information about how their data will be handled, and that this will include the period for which the personal data will be stored, or if that is not possible, the criteria used to determine that period.
- We retain personal information only for as long as necessary to fulfil the purposes we collected it for, including for the purposes of satisfying any legal, accounting, or reporting requirements.

## 10. Review Date

10.1 This policy will be retained for the duration of our processing and for a minimum of 6 months after processing ceases.

10.2 This policy will be reviewed annually or revised more frequently if necessary such as if there are any changes in legislation.

## 11. Data Protection Officer

**Sandra Stewart – Director of Governance and Pension (Borough Solicitor)**

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

Email: [information.governance@tameside.gov.uk](mailto:information.governance@tameside.gov.uk)

## 12. General Enquires

**Information Governance Team**

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

Email: [information.governance@tameside.gov.uk](mailto:information.governance@tameside.gov.uk)

### **13. Training**

- 13.1 The Council will provide relevant training both online and face to face to ensure that staff understand the legislation and its application to their role.
- 13.2 All staff must complete mandatory data protection training every year and undertake any further training provided by the Council to enable them to perform their duties appropriately.

### **14. Compliance and Monitoring**

- 14.1. Completion of training will be monitored by the Information Governance Team and all employees must have regard to data protection legislation and this policy when collecting, accessing, using, disclosing or destroying personal information. Failure to do so may result in disciplinary action and legal prosecution.
- 14.2 If an employee is in any doubt about how to handle personal information, they should speak to their line manager or contact the Information Governance Team.  
Email: [information.governance@tameside.gov.uk](mailto:information.governance@tameside.gov.uk)
- 14.3 Staff are responsible for informing the Information Governance Team of any new processing or changes to existing processing of personal data within their area. This will help the Council to meet the requirements of the legislation.
- 14.4 This policy will be reviewed at regularly by the Information Governance Team to ensure that it is updated in line with any change in legislation.
- 14.5 The Council will continue to review the effectiveness of this policy to ensure that it is achieving the intended purpose.

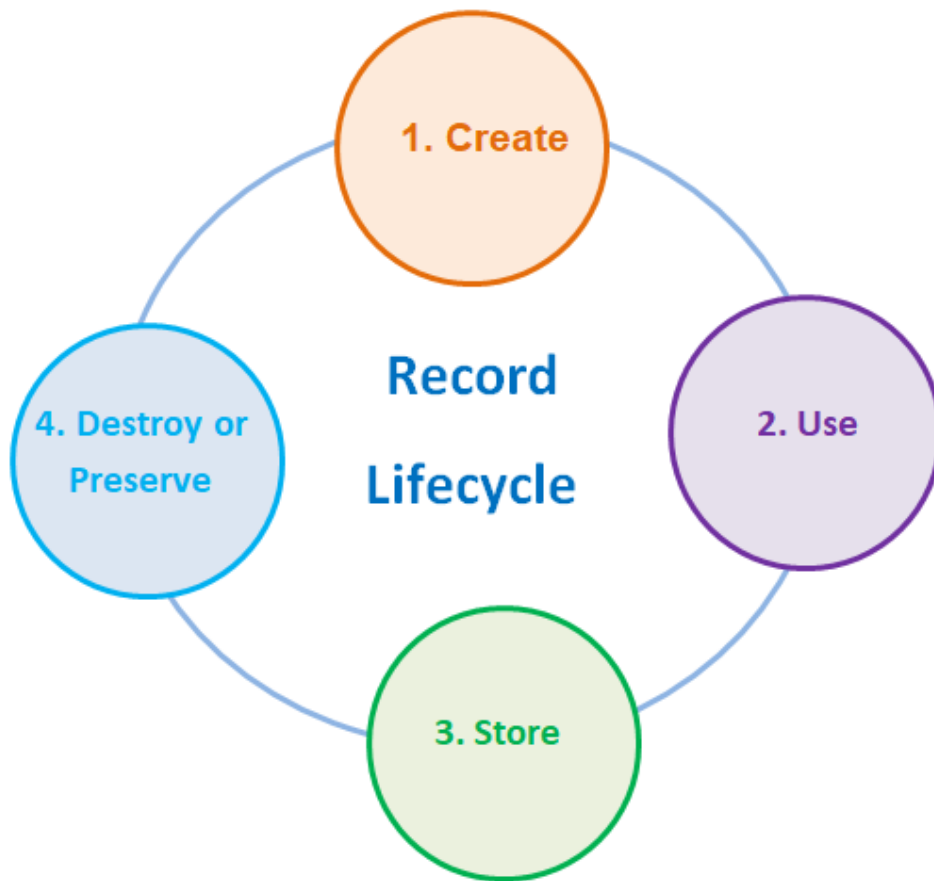
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# Record Management Policy

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Draft V.1



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## DOCUMENT CONTROL

<b>Reference</b>	Records Management Policy V.1
<b>Date</b>	
<b>Author</b>	Victoria MacDonald
<b>Approved</b>	

## VERSION HISTORY

Date	Version Number	Revision Notes

## INTRODUCTION

Records are the lifeblood of Tameside Council and the NHS Tameside and Glossop Clinical Commissioning Group (CCG). Records are the basis on which decisions are made, services provided and policies developed and communicated.

The public has a right to access information under the Freedom of Information Act 2000. These rights are diminished if information cannot be found when requested or, when found, cannot be relied upon as authoritative.

Good Records Management will benefit all staff and Service Areas in the Council and CCG. Benefits include but are not limited to:

- A reduction in time spent searching for information
- Improved information integrity due to fewer versions and duplications of documents
- Improved transparency and accountability
- A reduction in storage costs as data is cleansed
- Improved access to information
- An open and transparent foundation for decision-making
- Preservation of the Council's and CCG's corporate memory
- Supported continuity in the event of a disaster
- Enhanced customer service and improved reputation with partner organisations
- Protection and support in litigation
- Compliance with legislation and regulations such as GDPR, the Data Protection Act 1998, employment legislation and health and safety legislation
- Improved ability to demonstrate corporate responsibilities
- Business intelligence and analysis of data is reliant on excellent record keeping
- Records of value to Tameside are identified and held by the Archive

Poor Records Management creates risks for the Council and CCG, such as:

- Staff time wasted searching for information
- Inconsistent or poor levels of service
- Poor decisions based on inaccurate or incomplete information
- Financial or legal loss if information required as evidence is not available or cannot be relied upon
- Non-compliance with statutory or other regulatory requirements
- Failure to handle confidential information with an appropriate level of security
- Unauthorised access to confidential records and information, breaching GDPR regulations
- Failure to protect information that is vital to the continued functioning of the Council and CCG
- Inadequate business continuity planning
- Staff time wasted considering issues that have previously been addressed and resolved
- Unnecessary costs caused by storing records longer than they are needed
- Unauthorised disposal of records and information
- Loss of reputation as a result of all the above, with damaging effects on public trust

## SCOPE AND DEFINITIONS

This policy sets out recommended good practice for the management of all records, paper and electronic, including those in dedicated Line of Business Systems.

Term	Definition
<b>Record</b>	Information, in any format, created or received by the Council or CCG to support and provide evidence of activities and business transactions.
<b>Retention and disposal schedule</b>	A document detailing how long records need to be retained before they can be destroyed.
<b>Personal information</b>	Information about any individual, who could be identified from the information or any other information that is in the possession of the Council or CCG. The Council and CCG are legally responsible for the storage, protection and use of all personal information held as governed by GDPR and the Data Protection Act.

## SUMMARY OF RECOMMENDED GOOD PRACTICE

Good practice in records management is made of a number of key elements. Guidance on each element is given in this policy.

- Service areas clearly outline the roles, responsibilities and expectations of Records Management.
- Service areas only keep the records they need for business, regulatory, legal and accountability purposes.
- Service areas keep their records in systems that enable records to be retrieved as necessary.
- Service Areas know what records they hold and where they are, should ensure that records remain usable for as long as they are required.
- Service Areas store records securely and control access.
- Service Areas know how long they need to keep particular records; dispose records when they are no longer needed and be able to explain why records are no longer held.
- The Council and CCG ensure that records shared with other bodies or held on their behalf by other bodies are managed in accordance to this policy.

## ROLES, RESPONSIBILITIES AND EXPECTATIONS OF RECORDS MANAGEMENT

Records Management is a core corporate function. Consideration of records management is needed when planning or implementing ICT systems, extending staff access to new technologies and during re-structuring or major organisation changes.

Role	Expectations
<b>All employees, Elected Members and those individuals engaged by the Council</b>	To manage information and create records in line with the Council's policy and procedures. All staff and individuals engaged by the Council should ensure that they are familiar with and follow any records management procedures in their service area.
<b>Team Manager</b>	To ensure records created by employees under their management are managed in line with the Council's policy and procedures. See <a href="#">appendix</a> for tips for effective records management.
<b>Senior Management and Chief Executive/Accountable Officer</b>	It is the responsibility of individual service areas to carry out and review the necessary retention and disposal requirements for their records, with advice and support from the Records Manager. The Chief Executive/Accountable Officer has senior management responsibility for records management within the Council and CCG.
<b>Records Manager</b>	<p>The Records Manager has day-to-day oversight of records management within the Council and CCG. The Records Manager will:</p> <ul style="list-style-type: none"> <li>Develop policy and procedures that ensure that service areas have the ability to be compliant with policy and legislation.</li> <li>Provide regular training programmes for Council and CCG staff and those individuals engaged by the Council.</li> <li>Develop guidance and give advice to colleagues across the Council and CCG on records management issues.</li> <li>Provide advice on adequate storage for records and subsequent monitoring of such areas.</li> </ul>

All Council and CCG staff will be made aware of their responsibilities and supported through regular training programmes and guidance.

The Paperless Policy advises on Line of Business Systems, electronic record storage and bulk scanning, alternatively contact ICT Services via FreshService or the ICFT (Hospital IT Team).

## WHAT RECORDS NEED TO BE KEPT

Service areas need to consider what records they are likely to need, and the risks of not having those records, taking into account the following factors:

- The legislative and regulatory environment within which they operate. This will be a mixture of generally applicable legislation and specific legislation applying to the service.
- The need to refer to authoritative information about past actions and decision for current business purposes.
- The need to protect legal and other rights of the Council, CCG, staff and stakeholders.
- The need to explain, and if necessary justify, past actions in the event of an audit, public inquiry or other investigation.

All staff will be aware of which records the Council and CCG decide to retain through the Retention and Disposal Schedule.

All staff have a responsibility to keep accurate and complete records and are aware of the need to give those records titles that reflect their specific nature and contents to facilitate retrieval.

Ephemeral material can be disposed of on a routine basis, for example print outs of electronic documents, trivial emails and personal copies of documents.

## **DIGITAL RECORD SYSTEMS**

The Council and CCG hold records on a number of different systems to meet the service area's specific needs. All record systems should have the following characteristics:

- Be easy to understand and use to reduce the effort required of those who create and use the records within them.
- Enable quick and easy retrieval of information. This should include the capacity to search for information requested under the Freedom of Information Act or Individual Rights covered by GDPR and the Data Protection Act 2018.
- Enable routine records management processes to take place. Systems should be able to delete specified information and leave the rest intact.
- Enable the context of each record, and its relationship to other records, to be understood.
- Protect records from accidental or unauthorised alteration, copying, movement or deletion.
- Provide secure storage for the level of protection required by the nature, content and value of the information in them.
- Enable an audit trail to be produced of occasions on which selected records have been seen, used, amended and deleted.

Records in digital systems will not remain usable unless precautions are taken. Corporate line of business systems and central file storage systems must be used to store all electronic records and information. ICT have strategies for continued maintenance and backup processes to ensure that information within line of business systems and central file storage systems remain intact, reliable and usable. Digital records are vulnerable to accidental or unauthorised alteration, copying and deletion which can happen without trace. This puts at risk the reliability of records which could damage the Council or CCG's interests. Service areas should assess these risks and put appropriate safeguards in place. Any information stored outside of line of business systems and central file storage systems is not maintained by ICT and is therefore vulnerable.

## **SCANNING RECORDS**

An electronic record, scanned from the original paper record, will be accepted by a court or other legal body as long as it can be proven that it is a true copy. A clear scanning procedure will demonstrate beyond reasonable doubt that the original document had been scanned in its entirety.

All MFDs have the ability to scan and send the record to your email address or central file storage system. ICT Services can advise on specific scanning requirements such as adding workflow to records or scanning directly into line of business systems by contacting ICT Services via FreshService.

Once scanned, the paper copy can be destroyed to safeguard against duplications, ensuring that personal information is confidentially destroyed.

Important Records such as deeds, contracts, guarantees or certificates, should not be destroyed without advice from Legal Services and the express permission of those involved in the contract.

## PHYSICAL STORAGE

The effectiveness of records storage depends on knowledge of what records are held, what information they contain, in what format they are accessible, what value they have to the service area and how they relate to business functions. Without this service areas will find it difficult to:

- Locate and retrieve information required for business purposes
- Locate and retrieve information required to respond to an information request
- Gather and maintain data required on the Information Asset Register
- Effectively manage the risks associated with storing records (both paper and electronic)
- Ensure records are disposed of when no longer required

Wherever possible, paper documents should be scanned and retained in an electronic format to keep the information in a readable condition and to reduce the inconvenience and cost of physical storage.

Storage for non-electronic records needs to be well organised, with all files labelled, numbered and indexed accurately. Services need to be aware of any specific requirements for records storage that apply to them.

Storage facilities need to be suitable to preserve records and protect from damage, theft and disaster (i.e. fire, water). Consideration needs to be made in regards to the future risks for non-electronic records to ensure that they remain reliable and usable for as long as required. Risks to consider include:

- The delicate nature of aging paper, including carbon paper
- The fading of pictures, photocopies and handwritten text
- Records stored on defunct technology, such as cassettes, microfiche and disks.

The whereabouts of records should be known at all times and movement of records between storage areas and office areas should be logged.

## RECORDS SHARED WITH AND STORED BY EXTERNAL BODIES

When working in partnership with other organisations, sharing information and contributing to a joint records system, services should ensure that all parties agree to protocols that specify:

- What information should be kept, and by whom
- What level of information security should be applied
- Who should have access to the records
- What disposal arrangements should be in place
- Which organisation is responsible for responding to information requests

Particular protection should be given to confidential or personal information. Protocols should specify when, and under what conditions, information and records will be shared and details should be kept of when this information has been shared.

The Council and CCG are responsible for ensuring that contractors and other organisations creating records on behalf of the Council and CCG are storing and maintaining records to the standard set out in this policy. This can be done through Data Processing and Sharing Agreements, please speak to the Risk, Insurance and Information Governance team for more information.

## DESTRUCTION

Children's Services Records cannot be destroyed for the foreseeable future. More information can be found in appendix 2 and 3 at the end of this policy.

The untimely disposal of documents will cause the Council or CCG:

- Difficulty in defending litigious claims
- Operational problems
- Failure in complying with Freedom of Information Requests
- Failure in complying with Subject Access Requests

Before destroying records, your service will need to consider:

- Has the record met its retention period?
- Has the record been reviewed to ensure it is no longer required?
- Is the record needed to complete a pending Freedom of Information request?
- Is the record needed to complete a pending Subject Access request?
- Have all copies, duplicates and backups been destroyed?

Where records are not destroyed as a result of review, the reasons for this action must be clearly justified. If the decision is made to extend a paper record's retention period, the record will need to be transferred to an electronic format if possible.

The method of disposal will largely depend on the format of the record. Council and CCG records must be disposed of securely using one of the following methods:

Record Format	Method of Destruction
<b>Paper</b>	Confidential waste bin – SHRED IT or blue locked bins in offices Shredding
<b>Electronic</b>	Hard deletion / scrubbing
<b>CD</b>	Contact IT via Freshdesk
<b>Cassette</b>	Contact IT via Freshdesk

Under no circumstances should records containing personal information be deposited in regular recycling or general waste bins. To do so could result in the unauthorised disclosure of such information and render the Council or CCG liable to prosecution under GDPR and the Data Protection Act.

The Council's Retention and Disposal Schedule is based on the Local Government Retention Schedule published by the Information and Records Management Society and additional sources including The National Archives and other Local Authorities. Where there are no statutory requirements to retain information, an assessment of business need has been made and some 'best-practice' time periods have been included. The schedule can be found [here](#).

It is important that the disposal or preservation of records happen as part of a managed process and that it is adequately documented. Details of the document being disposed of; the date and method of disposal, and the officer who authorised disposal should all be recorded within the [Record Review Form](#) after answering the [questions below](#). This is particularly important to confirm we no longer hold applicable information.

## PRESERVATION

A record cannot be destroyed if it:

- Is subject to legal hold (legal proceedings)
- Contains or relates to information recently released in response to a Freedom of Information or Subject Access Request
- Is still needed by the service area; this must be supported by a legitimate business need.
- Holds historical value to the Borough of Tameside.



Council records that are no longer in use with historical value are offered to the Tameside Local Studies and Archives via the Archivist. These include meeting minutes where key decisions are made and [public records](#).

The destruction of records subject to legal hold or recently used for a Freedom of Information or Subject Access Request will be delayed until the hold is complete or, in the case of a request for information, all relevant complaint and appeal provisions have been exhausted.

Details of the document being preserved, the business need for the record being preserved need to be recorded as part of the Record Review.

## LEGISLATION AND RELATED POLICIES

This Policy has been written with reference to the Lord *Chancellor's Code of Practice on the management of records issued under section 46 of the Freedom of Information Act 2000* which can be found on the [National Archives Website](#).

Related Council policies include:

- [IT Security Policy](#)
- [Information Governance policies](#)
- [Scanned Documents](#)
- [Paper Records Secure Handling and Transit](#)
- Paperless Policy (not currently released)

## POLICY REVIEW

This policy will be reviewed every year or when there have been any significant changes in legislation.

## Appendix 1 - TIPS FOR EFFECTIVE RECORDS MANAGEMENT

### Creation

Records should be created at the time of, or as soon as practicable after the event to ensure they are accurate and reliable.

Think about how you name your records and agree a format within your team or line of business system. This will make it easier to identify and retrieve documents. Top tips include:

- Keep file names short, but meaningful
- When including a number in a file name always give it as a two-digit number, i.e. 01-99, unless it is a year or another number with more than two digits.
- If using a date in the file name always state the date first and 'back to front'. Use YYYYMMDD or YYYYMM or YYYY or YYYY-YYYY.
- When including a personal name in a file name give the family name first followed by the initials.
- Order the elements in a file name in the most appropriate way to retrieve the record.
- The file names of records relating to recurring events should include the date and a description of the event.
- The file names of correspondence should include the name of the correspondent, an indication of the subject, the date of the correspondence and whether it is incoming or outgoing correspondence.
- Avoid using repetitive words such as 'draft' or 'letter' at the start of file names.
- The version number of a record should be indicated in its file name by the inclusion of 'V' followed by the version number.
- Avoid using non-alphanumeric characters in file names, for example " £ \$ % ^ & \* ()!
- Line of business systems often have standardised formats for file storage, contact ICT for more information.

### Use

Agree a procedure within your teams as to where electronic and paper records are stored. Ensure all documents are filed in the central file storage system and not on individual desktops.

Assign responsibility for maintaining central file storage systems to a job role or member of the team.

Avoid creating duplicate or unnecessary records. Rather than email attachments to your team, save the document in your central file storage system and email a hyperlink to the team.

Avoid storing duplicate drafts of the same record. Ensure that old drafts and duplicate versions are deleted to avoid unnecessary confusion.

Discuss records management in team meetings.

### Email Management

Be aware that anything you write in an email could be subject to release. Always consider the content and tone of your emails before you send them.

Delete any emails which you do not need to retain. These will include emails sent for information only, e.g. most CC emails since you are not the main recipient, outdated information or personal emails.

Check emails before you archive to ensure that you are only saving the information you need.

The retention period for all emails is 2 years. It is important to ensure any emails to be stored for retention reasons are saved in line of business or central file storage systems accordingly.

### Store

Wherever possible, scan paper records and keep them electronically.

Distribute documents electronically before meetings rather than taking print outs with you, either by email or via central file storage systems. This will reduce the storage of duplicated documents. For democratic and executive meetings meeting papers are electronic through the use of modern.gov software.

## **End of Retention Reviews: Destroy or Preserve**

Hold record clean-up days on a regular basis.

During the review consider:

- Do you need the information to carry out your business?
- Is there a legal requirement to keep the information?
- Do you need the information for financial purposes?
- Will you need the information to explain why you arrived at a particular decision?
- Will you need the information if your decision is challenged in court?
- Will you need the information to be publicly accountable for your policies and decisions?
- Will you need the information to help with similar situations in the future?
- Will you need the information to defend your rights and responsibilities, or the rights and responsibilities of others?
- Does the information have value for historical research purposes?

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## Appendix 2 – IICSA LETTER TO CHIEF EXECUTIVE

### INDEPENDENT INQUIRY INTO CHILD SEXUAL ABUSE

Chief Executive  
Local Authority  
Thursday 2nd July 2015

Subject: Notice of retention/non-destruction of documents relating to the Independent Inquiry into Child Sexual Abuse

As you are aware, on 12 March 2015, the Home Secretary established the Independent Inquiry into Child Sexual Abuse to consider whether public bodies – and other non-state institutions – have taken seriously their duty of care to protect children from sexual abuse. I write to you now in my position as Chair of the Inquiry on the issue of information and records held by your organisation, and those organisations for which you are responsible, or which are affiliated to your organisation.

The Terms of Reference for the Inquiry (appended) are extremely broad. As such, it is not yet clear exactly what files, records and documents we will be requesting from your organisations. This will become clearer as the work of the Inquiry progresses. In the meantime we must ensure that no line of investigation is curtailed by the premature destruction of files or records that later become required as evidence.

Accordingly, I have set out in an appendix to this letter a list of categories of document that should be retained pending further requests from the Inquiry. I would be grateful if you could ensure a thorough search of all your paper files, all digital records, and all other information – however held – to ensure that everything of potential relevance to the Inquiry is retained.

Please circulate this letter and its appendices to all parts of your organisation, to those bodies for which you are responsible, or which are affiliated to your organisation. **It is of particular importance that your Children's Services Department and designated officer, or team of officers, (as described in the statutory guidance: Working Together to Safeguard Children March 2015) receive and act upon this request.**

I thank you for your continued assistance in this matter.

Yours sincerely



Lowell Goddard  
Chair, Independent Inquiry into Child Sexual Abuse

## Appendix 1: Categories of document for retention

Your organisation is asked to retain any and all documents; correspondence; notes; emails and all other information – however held – which contain or may contain content pertaining directly or indirectly to the sexual abuse of children or to child protection and care. For the purposes of this appendix, the word “children” relates to any person under the age of 18.

Such information may include, but is not limited to, the following:

- a. Any material, including reports; reviews; briefings; minutes; notes and correspondence in relation to allegations (substantiated or not) of individuals, organisations, institutions, public bodies or otherwise who may have been involved in, or have knowledge of, child sexual abuse, or child sexual exploitation;
- b. Any material, including reports; reviews; briefings; minutes; notes and correspondence in relation to allegations (substantiated or not) of individuals having engaged in sexual activity with, or having a sexual interest in, children;
- c. Any material, including reports; reviews; briefings; minutes; notes and correspondence in relation to institutional failures to protect children from sexual abuse or other exploitation;
- d. Any material relevant to statutory responsibilities for the care of children in public or private care;
- e. Any material relevant to the development of policy on child protection;
- f. Any material relevant to the development of legislation on child protection;
- g. Any material relating to the determination of the award of Honours to persons who are now demonstrated to have had a sexual interest in children or are suspected of having had such an interest.

It is not possible to produce a definitive list under (g). Accordingly we invite you to ensure that no documentation relating to the award of Honours to any person is destroyed pending the outcome of the Independent Inquiry.

## Appendix 2: Terms of reference

### Terms of Reference

#### Purpose

1. To consider the extent to which State and non-State institutions have failed in their duty of care to protect children from sexual abuse and exploitation; to consider the extent to which those failings have since been addressed; to identify further action needed to address any failings identified; to consider the steps which it is necessary for State and non-State institutions to take in order to protect children from such abuse in future; and to publish a report with recommendations.
2. In doing so to:
  - a. Consider all the information which is available from the various published and unpublished reviews, court cases, and investigations which have so far concluded;
  - b. Consider the experience of survivors of child sexual abuse; providing opportunities for them to bear witness to the Inquiry, having regard to the need to provide appropriate support in doing so;

- c. Consider whether State and non-State institutions failed to identify such abuse and/or whether there was otherwise an inappropriate institutional response to allegations of child sexual abuse and/or whether there were ineffective child protection procedures in place;
- d. Advise on any further action needed to address any institutional protection gaps within current child protection systems on the basis of the findings and lessons learnt from this inquiry;
- e. Disclose, where appropriate and in line with security and data protection protocols, any documents which were considered as part of the inquiry;
- f. Liaise with ongoing inquiries, including those currently being conducted in Northern Ireland and Scotland, with a view to (a) ensuring that relevant information is shared, and (b) identifying any State or non-State institutions with child protection obligations that currently fall outside the scope of the present Inquiry and those being conducted in the devolved jurisdictions;
- g. Produce regular reports, and an interim report by the end of 2018; and
- h. Conduct the work of the Inquiry as transparent a manner as possible, consistent with the effective investigation of the matters falling within the terms of reference, and having regard to all the relevant duties of confidentiality.

### Scope

3. State and non-State institutions. Such institutions will, for example, include:
  - a. Government departments, the Cabinet Office, Parliament and Ministers;
  - b. Police, prosecuting authorities, schools including private and state-funded boarding and day schools, specialist education (such as music tuition), Local Authorities (including care homes and children's services), health services, and prisons/secure estates;
  - c. Churches and other religious denominations and organisations;
  - d. Political Parties; and
  - e. The Armed Services.
4. The Inquiry will cover England and Wales. Should the Inquiry identify any material relating to the devolved administrations, it will be passed to the relevant authorities;
5. The Inquiry will not address allegations relating to events in the Overseas Territories or Crown Dependencies. However, any such allegations received by the Inquiry will be referred to the relevant law enforcement bodies in those jurisdictions;
6. For the purposes of this Inquiry "child" means anyone under the age of 18. However, the panel will consider abuse of individuals over the age of 18, if that abuse started when the individual was a minor.

### Principles

7. The Inquiry will have full access to all the material it seeks.
8. Any allegation of child abuse received by the Inquiry will be referred to the Police;
9. All personal and sensitive information will be appropriately protected; and will be made available only to those who need to see it; and
10. It is not part of the Inquiry's function to determine civil or criminal liability of named individuals or organisations. This should not, however, inhibit the Inquiry from reaching findings of fact relevant to its terms of reference.

The original document can be found here [Microsoft Word - Generic Letter to LA CEO v2.docx \(iicsa.org.uk\)](#)



### **Guidance Note: Retention Instructions and Data Protection requirements (version 2)**

The Inquiry has issued retention instructions to a range of institutions requesting the preservation of all records relating to the care of children so that they remain available for inspection by the Inquiry. Justice Goddard also stated in her opening statement on 9 July 2015 that *“No institution – whether they have received a letter or not – can be in any doubt of the extent of their duty to preserve records for the Inquiry, or of the consequences of failing to do so”* (paragraph 77).

The Inquiry received a number of queries about the possibility that prolonged retention of personal data in accordance with the retention instructions might engage issues of compliance with data protection legislation. The Inquiry consulted with the Information Commissioner’s Office and, having done so, issues this Guidance to clarify the position.

Under Section 21 of the Inquiries Act 2005 the Inquiry has the power to order the production of documents. Failure to comply with such an order without reasonable excuse is an offence punishable by imprisonment (Section 35 of the Inquiries Act 2005). It is also an offence for a person, during the course of an Inquiry, to destroy, alter or tamper with evidence that may be relevant to an Inquiry, or deliberately to do an act with the intention of suppressing evidence or preventing it being disclosed to the Inquiry.

Institutions therefore have an obligation to preserve records for the Inquiry for as long as necessary to assist the Inquiry. Prolonged retention of personal data by an organisation at the request of the Inquiry would not therefore contravene data protection legislation, provided such information is restricted to that necessary to fulfil any potential legal duties that organisation may have in relation to the Inquiry. An institution may have to account for its previous activities to the Inquiry so retention of the data will be regarded as necessary for this purpose.

The obligation to the Inquiry to retain documents will remain throughout its duration. Institutions may also incur separate legal obligations to retain documents during the course of the Inquiry, for example in relation to other legal proceedings.  
25 July 2018

The original document can be found here [2018-07-25-guidance-note-retention-instructions-data-protection-requirements-version-2.pdf \(icsa.org.uk\)](https://www.icsa.org.uk/2018-07-25-guidance-note-retention-instructions-data-protection-requirements-version-2.pdf)

## Appendix 4 –RECORD REVIEW FORM



# Record Review

Please read the questions below to ensure that records are not being disposed of prematurely. Send a copy of the completed Record Review Form to the Records Manager.

Date of Review	Description of records	Type of records	Storage location	Destruction confirmed or retention extended	Reason for extending retention	Next review date	Destruction date	Authorised by (name)	Authorised by (job role)
01/01/2021	example box A	paper	Tameside One floor 4	destruction retention extended			02/01/2021	V MacDonald	Records Manager
01/01/2021	example file B	electronic	shared file	destruction retention extended	subject to FOI request	01/10/2021		V MacDonald	Records Manager



# Record Review Questions

- Do you need the information to carry out your business?
- Is there a legal requirement to keep the information?
- Do you need the information for financial purposes?
- Will you need the information to explain why you arrived at a particular decision?
- Will you need the information if your decision is challenged in court?
- Will you need the information to be publicly accountable for your policies and decisions?
- Will you need the information to help with similar situations in the future?
- Will you need the information to defend your rights and responsibilities, or the rights and responsibilities of others?
- Does the information have value for historical research purposes?

If you have answered yes to any of the above questions, the record should be retained . Outline the reason for, and length of retention on the Record Review Form above.

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# Personal Data Breach Reporting Procedure

Date: April 2021

Version: V3.0

## Document Version Control

Document Version Control	
Issue Number	Date
1.0	16 April 2021 – Considered by Information Governance Group
2.0	15 May 2021 – Considered by Information Governance Champions Group
3.0	27 July 2021 – Audit Panel for Approval

This is a live document effective from the issue date. It supersedes any previous versions of this document, which are now withdrawn.

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## 1. Introduction

- 1.1 Tameside Metropolitan Borough Council (the Council) will ensure that it reacts appropriately to any actual or suspected personal data breaches relating to electronic or paper based data systems within the custody or control of the Council or its contractual third parties.
- 1.2 All potential breaches, irrespective of scale, **must** be reported within the first 24 hours of knowledge using this reporting procedure to allow for mitigations to be put in place, lessons to be learned and to improve data handling procedures and the breach response process.
- 1.3 The UK GDPR introduces a duty on all organisations to report certain personal data breaches to the relevant supervisory authority. You must do this within 72 hours of becoming aware of the breach, where feasible. If the breach is likely to result in a high risk of adversely affecting individuals' rights and freedoms, you must also inform those individuals without undue delay.
- 1.4 It states organisations should ensure they have robust breach detection, investigation and internal reporting procedures in place. This will facilitate decision-making about whether or not you need to notify the relevant supervisory authority or the affected individuals, or both.
- 1.5 Organisations must also keep a record of any personal data breaches or near misses, regardless of whether they are required to notify.

## 2 Definitions

- 2.1 The following terms are used throughout this document and are defined below in Table 1.

**Table 1 - Definitions**

Term	Definition
<b>Data Breach</b>	<p>Defined in the Data Protection Act 2018 at <b>s.33(3)</b> as "a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed.</p> <p><i>The UK GDPR definition is:</i> A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data. In short, there will be a personal data breach whenever any personal data is accidentally lost, destroyed, corrupted or disclosed; if someone accesses the data or passes it on without proper authorisation; or if the data is made unavailable and this unavailability has a significant negative effect on individuals.</p> <p>Categories/Examples of breaches are provided at <b><u>Appendix 1.</u></b></p>
<b>Near Miss</b>	<p>This is a situation where the breach has been contained without exposing any individuals to a risk of harm.</p> <p>Categories/Examples of near misses are provided at <b><u>Appendix 1.</u></b></p>
<b>Personal Data</b>	<p>Is any personal data as defined by UK GDPR and the Data Protection Act 2018?</p>

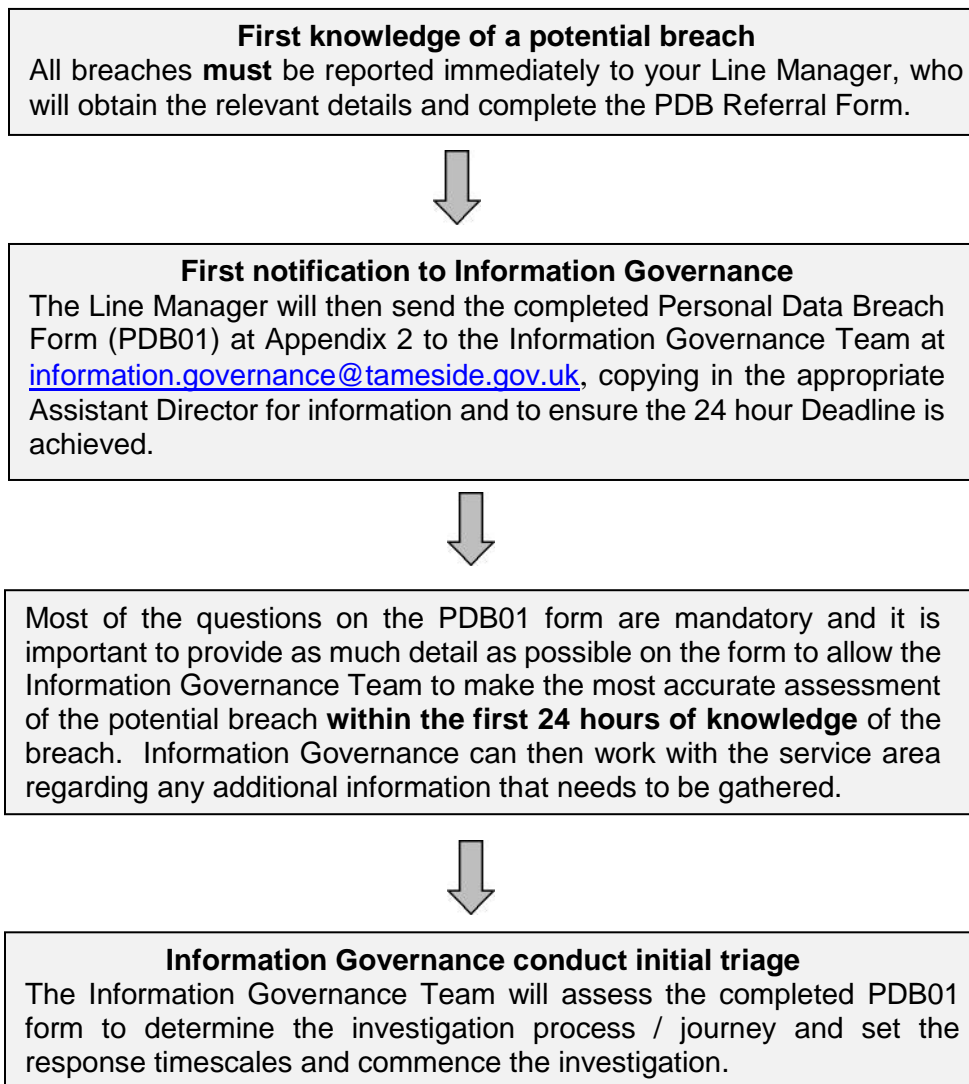
Term	Definition
	<p>It is defined in the Data Protection Act 2018 at <b>s.3(2)</b> as “any information relating to an identified or identifiable living individual. Broadly this means any information (relating to a living individual who can be identified or identifiable, directly from the information in question, or indirectly identified from that information in combination with other information that is in the possession of the Council.</p> <p>The UK GDPR provides a non-exhaustive list of identifiers, including:</p> <ul style="list-style-type: none"> <li>• Name;</li> <li>• Identification number;</li> <li>• Location data; and</li> <li>• Online identifier (e.g. IP addresses).</li> </ul> <p>Personal data also applies to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of a living person.</p> <p>The Council is legally responsible for the storage, protection and use of personal data / information held by it as governed by UK GDPR and the Data Protection Act 2018.</p>
<p><b>Special Category information</b></p>	<p>This data is covered by Articles 6 and 9 of the General Data Protection Regulations. As it is more sensitive it needs more protection and consists of:</p> <ul style="list-style-type: none"> <li>• Race</li> <li>• ethnic origin</li> <li>• politics</li> <li>• religion</li> <li>• trade union membership</li> <li>• genetics</li> <li>• biometrics (where used for ID purposes)</li> <li>• health;</li> <li>• sex life; or</li> <li>• sexual orientation.</li> </ul>

### 3 Roles and Responsibilities

- 3.1 All employees are responsible for the safe and secure use of Council information and systems.
- 3.2 All employees have a duty to report actual or suspected data breaches they are involved in and to fully support an investigation in accordance with this procedure. If an employee has a suspicion that a data breach has occurred in their own or another service area, the expectation is that they will notify the Information Governance Team who will follow up and investigate the potential breach with the appropriate service area.
- 3.3 The Information Governance Team will assess every reported breach for risk and severity and require return of the Personal Data Breach Form (Appendices 2 and 3) in order to carry out that assessment within 24 hours of the discovery of the breach.
- 3.4 Failure to report a potential breach within the first 24 hours of discovery will result in the Information Governance Team escalating non-compliance with Assistant Directors.

## 4 Reporting an Incident

4.1 The flowchart below summarises the stages in the process.



## 5 Breach / Near Miss Investigation

### 5.1 Initial Response

5.1.2 The Personal Data Breach (PDB01) Form will be evaluated to identify if any immediate action is necessary in order to limit the damage from the breach and recover any losses. Mitigating actions should be undertaken by the service area at the earliest opportunity. The Information Governance Team will advise, if required, on any further mitigating actions not already undertaken. Action may also be needed to prevent another potential breach with similar circumstances whilst the investigation is taking place. This may include action taken to:

- prevent any further unauthorised access;
- secure any affected buildings (i.e. changing locks, access codes etc.);
- recover and secure any equipment or physical information;



- restore lost or damaged data by using backups; or
- prevent a further potential breach relating to the same information (e.g. an attempt to use stolen data to access accounts or services)

5.1.3 The Information Governance Team will notify any relevant persons, e.g. Legal Services.

## 5.2 Investigation Process

5.2.1 The Information Governance Team will triage / risk assess the impact of the Breach / Near Miss using the five categories listed below:-

	Action Necessary	Timescales
Very Low	Email to be sent to Director and Assistant Director advising of the Breach / Near Miss and to the employee and their manager advising that they are now subject to monitoring.	Form to be sent to the Information Governance Team <b>within 24 hours</b> . Timescales for investigation / outcome to be agreed thereafter
Low	Email to be sent to Director and Assistant Director advising of the Breach / Near Miss and to the employee and their manager advising that they are now subject to monitoring.	Form to be sent to the Information Governance Team <b>within 24 hours</b> . Timescales for investigation / outcome to be agreed thereafter
Medium	Email to be sent to Director and Assistant Director advising of the Breach / Near Miss and the employee is invited to a <b>Management Meeting</b> with their manager.	Form to be sent to the Information Governance Team <b>within 24 hours</b> . Timescales for investigation / outcome to be agreed thereafter
High	Contact HR for a decision on whether or not to proceed with Disciplinary Procedure. If not, progress as with medium rating.	Form to be sent to the Information Governance Team <b>within 24 hours</b> . Timescales for investigation / outcome to be agreed thereafter
Very High	Contact HR for a decision on whether or not to proceed with Disciplinary Procedure. Invariably this level will apply to Inappropriate Access Cases and any case that need to be reported to the ICO	Form to be sent <b>within 24 hours</b> . <b>Investigation commences immediately as ICO deadline for reporting a Personal Data Breach is 72hours</b> (3 days) including Bank Holidays and Weekends.

5.2.2 The Information Governance Team at this stage may need to consult with other information governance specialists in the Council where appropriate before an investigation will commence. The investigation may involve the following:

- Senior Information Risk Owner (SIRO);
- Data Protection Officer / Data Controller;
- Service Director or a representative for the relevant part of the directorate;

- Line Manager of person who has caused the Breach;
- Head of Human Resources or a representative;
- Head of ICT / ICT Cyber Security Technical Specialist;
- Head of Media, Marketing and Communications or a representative;
- Facilities Management; and
- Caldicott Guardian

- 5.2.3 Depending on the type and seriousness of the breach, the police may be involved and the employee(s) suspended from the work place.
- 5.2.4 Should any employee be suspended, their IT equipment may need to be returned so it can be kept for safe storage and on occasion be used as evidence.
- 5.2.5 For some investigations, the Information Governance Team, with support of the Service Area where appropriate, may contact the Data Subject / Complainant to gather further information.
- 5.2.6 The investigation will be conducted in line with agreed protocols and all evidence and findings will be recorded in dedicated case folders held on the Information Governance Team's Shared Drive which has restricted access.
- 5.2.7 Depending on the type and seriousness of the potential breach, the Information Governance Team may require access to records and data involved stored on Council owned property or systems and / or on the property and systems of the Council's contractual Third Parties.
- 5.2.8 Once the investigation is completed, if a breach involves disciplinary or ICO involvement, a summary of the investigation will be presented to Senior Management for evaluation and signing off.

## **6 Evaluation**

- 6.1 A consistent approach to dealing with all breaches / near misses must be maintained across the Council and each potential breach must be evaluated. It is important not only to evaluate the causes of the potential breach but also the effectiveness of the response to it.
- 6.2 The evaluation of the potential breach will include some of the following questions:
- Had the potential breach been identified as a risk prior to its occurrence?
  - Did the potential breach occur despite existing measures being in place?
  - Were current policies and procedures followed? If not, why not?
  - In what way did the current measures prove inadequate?
  - How likely is the potential breach to recur?
  - Did the potential breach involve deliberate or reckless behaviour?

### **6.3 Assessment of Ongoing Risk**

- 6.3.1 Any identified weaknesses or vulnerabilities must be accurately assessed in order to mitigate the ongoing risks to data / information. In order to make an assessment, the following factors will be considered:
- Type of data involved;
  - Number of people that could be affected;

- The impact of the potential breach on the data subject(s) (e.g. financial implications, embarrassment, stress / mental anguish etc.);
- The likelihood or risk of any impact (as set out above) occurring to the data subject(s) on this occasion;
- Protections in place (e.g. encryption);
- Likelihood of the identified risk;
- Possible consequences for the Council’s reputation; and
- Potential risks to public health or safety.

## 7 Actions / Outcomes

7.1 Once the investigation and the evaluation of the potential breach is concluded, if there are any identified actions to be carried out to prevent / minimise the risk of reoccurrence, they will be advised by means of an Investigation Report coupled with a Control Report approved by Senior Management which will provide recommendations for improvement. Implementation will be monitored in the service area involved or if required across the whole Council by the Information Governance Team.

### 7.2 Notification

7.2.1 Depending on the potential breach there may be legal, contractual or sector specific requirements to notify various parties. Notification may assist in security improvements and implementation, as well as risk mitigation. It will be determined and agreed by Legal Services, HR and / or Senior Management as part of the evaluation of a potential breach.

7.2.2 The following parties may need to be notified following a Breach / Near Miss:-

Party to be Notified	Considerations
<b>Information Commissioner’s Office (ICO)</b>	<ul style="list-style-type: none"> <li>• Does the potential breach involve personal data? If so:</li> <li>• If assessed as a breach, does the type and extent of the breach trigger notification?</li> <li>• Have we undertaken an initial assessment on the ICO website?</li> </ul>
<p>We have to notify the ICO <b>within 72 Hours</b> of a breach where it is likely to result in a risk to the rights and freedoms of individuals – if, for example, it could result in discrimination, damage to reputation, financial loss, loss of confidentiality or any other significant economic or social disadvantage. The deadline to notify the ICO is non-negotiable, hence the need for reporting of all breaches to the Information Governance Team within 24 hours so that investigations can be conducted in a timely manner and referrals to Legal and the DPO be carried out within the ICO’s timescale.</p>	
<b>Individuals</b>	<ul style="list-style-type: none"> <li>• Notification to the data subjects involved may be required where the breach is likely to result in a high risk to their rights and freedoms. This has to be determined by the Information Governance Team in conjunction with the Service Area / Legal on a case by</li> </ul>

Party to be Notified	Considerations
	case basis and documented. The key consideration is that the decision to inform must not cause risk or harm to the data subject.
<ul style="list-style-type: none"> <li>• <b>Other Agencies we may communicate with</b> (not an exhaustive list)</li> </ul>	<ul style="list-style-type: none"> <li>• Identity and Passport Service</li> <li>• Her Majesty's Revenue and Customs (HMRC)</li> <li>• Bank or credit card companies</li> <li>• Trade Unions</li> <li>• Social Work England</li> <li>• Any other professional regulatory bodies</li> </ul>

### 7.3 **Disciplinary Action**

7.3.1 It may be deemed necessary to refer to HR to consider disciplinary action for any employee(s) involved in a breach, should it be rated as high / very high or there is a trend of breaches involving the same employee.

### 7.4 **Policy and Procedural Changes**

7.4.1 There may be a need to implement policy and procedural changes as a result of personal data breaches.

### 7.5 **Employee Notification and Training**

7.5.1 Where a breach is deemed and recorded as a Confirmed Breach, the Council expects that the employee(s) involved will complete their Mandatory Information Governance and Cyber Security (GDPR) training again and to provide evidence to their manager and the Information Governance Team that the training has been completed in the stipulated timescale. Failure to meet this requirement could result in disciplinary action.

7.5.2 There may be a requirement to notify employees of policy and procedural changes.

<b>Type of Potential Breach</b>	<b>What Does a Breach look like?</b>	<b>What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u></b>
Data posted or faxed to incorrect recipient	1. Document(s) not retrieved or returned  2. Document(s) retrieved or returned after being opened	Document(s) retrieved unopened or returned to sender unopened. Needs to be evidenced
Data emailed to incorrect recipient	Document(s) emailed out or sensitive info in the body of the email are read by the incorrect recipient before double deletion / recall can take place. This includes emails sent to one single incorrect recipient, or emails sent through "reply all" when it is inappropriate to do so.	Evidence that email double deleted without document(s) or sensitive info in the body of the email being read and / or successfully recalled. Written evidence of double deletion needed
Theft of Laptop	Laptop stolen as a result of poor device security of user - laptop left unsecured in home, vehicle or in transit making it easier target to steal. Where sensitive documents have not been saved to a secure TMBC server i.e. docs saved on desktop. Where passwords have been stolen with laptop disabling encryption	If laptop is fully encrypted and secured (i.e. laptop turned off at time it was stolen and encrypted with bitlocker and user password) and user passwords is secure and not kept with the laptop, then may be near miss if either:  1. Laptop recovered (not accessed) shortly after theft.  2. Reported to IT immediately to remote lock / wipe the device (is this possible?)
Loss of Laptop	As above, but device lost due to negligence / accident rather than criminal involvement. Device lost in own home or TMBC secure office more likely to be recovered / found, so may be lower severity than theft of device or loss outside of office / home	If laptop is fully encrypted and secured (i.e. laptop turned off at time it was lost and encrypted with bitlocker and user password) and user passwords is secure and not kept with the laptop, then may be near miss if either:  1. Laptop recovered (not accessed).  2. Reported to IT immediately to remote lock / wipe the device (is this possible?)

<b>Type of Potential Breach</b>	<b>What Does a Breach look like?</b>	<b>What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u></b>
Theft of Paperwork / physical records	Paperwork stolen as a result of poor storage / security at office, home, vehicle or other venue and / or failure to adhere to TMBC policies regarding retention & disposal. Paperwork left out on public display and not adequately secured in lockable storage. Paperwork cannot be encrypted and once stolen no measures can be taken to limit the information in the papers, so mitigations likely to be limited.	If paperwork found shortly after being reported stolen and does not contain any sensitive information. It is very unlikely there will be any cases of near miss as unable to prove whether the docs have been read and may be difficult to establish if any missing pages from the recovered docs, particularly for larger docs
Loss of Paperwork / physical records	As above, but paperwork lost due to negligence / accident rather than criminal involvement. Paperwork lost in own home or TMBC secure office more likely to be found but if found by family members or other staff could still be a breach as paperwork will not be secured from unauthorised reading.	As above. Very unlikely to be near miss unless limited personal data in the document(s) or can evidence that between loss and recovery no one else had access to the document(s)
Theft of Mobile Phone	Mobile Phone stolen as a result of poor device security of user (including password being stored with phone) - phone left unsecured in home, vehicle or in transit making it easier target to steal. If unencrypted then level of breach will be significantly worse.	Mobile Phone encrypted and theft reported to IT immediately to allow remote locking / wiping of the device. Password must have been kept away from the device and secure.
Loss of Mobile Phone	As above, but device lost due to negligence / accident rather than criminal involvement. Device lost in own home or TMBC secure office more likely to be recovered / found, so lower severity than theft of device or loss outside of office / home	Mobile Phone encrypted and loss reported to IT immediately to allow remote locking / wiping of the device. Password must have been kept away from the device and secure.

<b>Type of Potential Breach</b>	<b>What Does a Breach look like?</b>	<b>What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u></b>
Written Inappropriate Disclosure	Document(s) or correspondence sent to correct recipient but containing data that should not be disclosed (e.g. additional attachments being sent to recipient in addition to the intended attachment and / or information that the recipient did not require). Messages sent to generic email address may be distributed to a whole department / unknown numbers of staff, some of whom may not be appropriate recipients - this could be a breach. Information / data shared with a third party as a result of "blagging" where the third party deceives the employee to obtain data it is not entitled to.	Document(s) recalled or retrieved / double deleted successfully without being read by recipient. Need written evidence of deletion / recall.  It may be that following investigation and subject to proof on TMBC systems (e.g. LCS, iCaseWork) data was appropriately shared (including for safeguarding reasons - there is a high threshold for this).
Verbal Inappropriate Disclosure	Data being shared in person or over telephone with incorrect recipient, or sharing data that the recipient did not require. Information / data shared with a third party as a result of "blagging" where the third party deceives the employee to obtain data it is not entitled to.	Very unlikely to be any near miss scenarios. It may be that following investigation and subject to proof on TMBC systems (e.g. LCS, iCaseWork) data was appropriately shared (including for safeguarding reasons - there is a high threshold for this).
Insecure Disposal of Paperwork / physical records	Paperwork not being placed into confidential waste bins for disposal or otherwise disposed of in an unauthorised inappropriate manner.	Paperwork recovered from unsecure disposal and placed correctly in confidential waste bins for shredding
Insecure / incorrect disposal of hardware / removable media	<ol style="list-style-type: none"> <li>1. Hardware / removable media not returned to IT to dispose of or reformatting for new user.</li> <li>2. Hardware / removable media passed around service area between users without input or knowledge of IT Team and without necessary measures being taken to remove any data on the hardware.</li> <li>3. Hardware / removable media disposed of directly by user through unsecure means (putting in own bin / landfill without securing the data first)</li> </ol>	Hardware / removable media found immediately and re-directed to IT Team for secure disposal / reformatting as appropriate.

Type of Potential Breach	What Does a Breach look like?	What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u>
System failure	<ol style="list-style-type: none"> <li>1. Failure of process in a service area leading to inappropriate disclosure of data (e.g. processes not being followed for updating contact details of a service user at first available opportunity, leading to correspondence being incorrectly addressed)</li> <li>2. Failure of IT system leading to inappropriate disclosure of data (e.g. processes for bulk mailing not formatting correctly leading to incorrect separation of letters.</li> <li>3. Operator error that has caused or contributed to a third party breach (e.g. error leading to breach by external mail provider such as UKMail or Adare).</li> <li>4. Writing down password to access system(s) and leaving it on display in an unsecure environment?</li> </ol>	Data disclosed through system failure is recovered from recipient without being read, or double deleted without being read. Written proof required.
Inappropriate access to systems	Inappropriate and / or unauthorised access to confidential systems such as LCS / Capita (non-exhaustive list) etc. for personal gain rather than in connection with usual duties of the job role. <b>This will lead to disciplinary action.</b>	<p>Very unlikely to be any near miss under this category as any conflicts should be disclosed and access to relevant records blocked.</p> <p>Accidental access to a secure system is likely to fit under system failure rather than this category.</p>
Inaccurate Information Held	<ol style="list-style-type: none"> <li>1. Inaccurate or out of date information held on TMBC systems (e.g. old address details).</li> <li>2. Inaccurate data provided to TMBC by third parties which is then held on TMBC systems - this would be a third party breach, but must be reported and logged accordingly.</li> <li>3. Incomplete processing of data leading to a breach.</li> <li>4. Rectification request received from individuals (written).</li> </ol>	If inaccurate data is rectified upon first discovery and causes no harm or detriment to the data subject, or, if inaccurate information is provided by a third party (IG team should be made aware and notify the third party of their potential breach).



<b>Type of Potential Breach</b>	<b>What Does a Breach look like?</b>	<b>What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u></b>
Theft of removable media (Disc / external HDD / flash drive)	Removable media stolen as a result of poor device security of user. Removable media left unsecured in home, vehicle or in transit making it easier target to steal. Removable media provided by TMBC IT may be encrypted, but media sourced from external parties may not. All removable media should be provided, authorised and secured by IT. Failure to encrypt removable media would be a breach if personal data is held on it.	Unless no personal data was stored on it then very rare for this to be a near miss as even with encryption, likely to be less secure than the user's laptop.
Loss of removable media (Disc / external HDD / flash drive)	As above, but media lost rather than stolen. Media lost in own home or TMBC secure office more likely to be recovered / found, so possibly lower severity than theft of device or loss outside of office / home. All media must be authorised and controlled by IT to ensure safety and encryption. Failure to encrypt removable media would be a breach if personal data is held on it.	Unless no personal data was stored on it, very rare for this to be a near miss, but if after investigation the data on the removable media never existed, or was not stored to the lost removable media at all, therefore no data lost.
Video footage sent to wrong person	Footage sent to incorrect recipient, or additional footage included that the recipient did not require and / or was not authorised to view.	Would only be a near miss if footage does not contain any identifiable data that would allow individual to be identified
Loss of Post by Royal Mail, Courier or other external postal service (likely to be third party breach)	<ol style="list-style-type: none"> <li>1. Items lost internally at mail service provider.</li> <li>2. Items lost externally whilst on delivery.</li> </ol>	If item lost internally whilst processing by mail provider, it may be recovered by them at a later date and returned to TMBC, or subject to automatic secure destruction. Would depend on the personal data involved.
Email not sent using secure mail	Emailing sensitive data to a third party without appropriate encryption would be considered to be a breach.	
Access to Buildings / IG issues	Inappropriate / unauthorised access to a building that leads to sensitive information being accessed / viewed (e.g. paper files, screens not locked and team whiteboards on display).	All inappropriate access to buildings, including tailgating, needs to be referred to IG Team.

<b>Type of Potential Breach</b>	<b>What Does a Breach look like?</b>	<b>What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u></b>
Loss of digital data	Personal data breach occurs if data, which allows a living person to be identified, is lost, accidentally or deliberately overwritten or destroyed from shared drives / removable media / casework systems (i.e. LCS, iCaseWork etc.) affecting the availability of that data.	Up to date backup copies of the data kept allowing immediate restoration, or evidence obtained that proves that the data never existed or is not in fact lost. If the data does not fall under definition of personal data, then loss may not constitute a data breach, but may be a conduct issue.
Failure to redact correctly / appropriately	<p>1. Failing to redact data which an individual is not entitled to.</p> <p>2. Poor quality of redaction and / or incorrect use of redaction software, rendering some or all of data still visible or allowing electronic redaction to be removed / undone.</p> <p>3. Any hand redaction (marker pen etc.) warrants straight referral to IG as hand redaction should not be used where electronic means are available.</p>	Incorrect / inappropriate redaction caught through internal checks before document(s) is sent to the intended recipient will be near miss, but should be referred to IG Team. Over-redaction is not a breach, but may be a conduct issue.
Failure to use BCC in emails	Any email sent to group of recipients and email addresses included in "To" or "cc" boxes rather than "bcc". Likely only to be generic emails, or data that all parties are entitled to receive or Cc/BCC would not be appropriate at all. Issue is, if not Bcc'd properly, email addresses of all recipients are viewable by all other recipients. Even if double deleted at TMBC request, the personal data (email addresses) will have been visible to all recipients and cannot be fully mitigated. Most likely low risk, but would depend on email details being included - if email addresses included are group / team emails, less likely to be an issue. If individual person's email address, or even their personal email address (as will be the case for many non TMBC recipients) is visible, may be more serious.	Unlikely to be many cases of near miss. Potentially near miss if emails bounce back from all recipients as undeliverable - but that may highlight an incorrect / inaccurate data issue instead.

<b>Type of Potential Breach</b>	<b>What Does a Breach look like?</b>	<b>What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u></b>
Alteration of Personal Data	Accidental or deliberate alteration of personal data on any TMBC system, or any system held by TMBC's contractual third parties. <b>Deliberate and / or unauthorised alteration will result in disciplinary action.</b>	Accidental alteration discovered quickly before it becomes permanent and can be rectified from back up on system. Deliberate and / or unauthorised alteration of records will never be a near miss and will be a disciplinary issue.
Breach of Confidentiality	Disclosing data given to TMBC in confidence without an overriding basis for doing so (e.g. information disclosed is required for legal proceedings and is subject to Order of the Court) or without informing the data subject that confidentiality will be fully or partially waived. If confidential information is to be disclosed, failure to appropriately limit the data disclosed / redact data which should remain confidential may also fall under this category. We would expect a contemporaneous note placing on the CMS and / or file at the time the confidentiality request is made to make clear that confidentiality has been requested from the data subject. If an employee fails to note a confidentiality request on the CMS and or file and another employee subsequently discloses that information, the employee who failed to note the confidentiality request could be implicated in the any data breach.	If confidentiality is waived for a valid reason, clear written evidence needs to be located on the CMS (e.g. LCS, iCaseWork etc.) and / or file relevant to the data being disclosed. Employees must be 100% sure that safeguarding (or any other reason used) is a valid reason to waive confidentiality in any particular case. We would expect a note on the CMS or file setting out the reasons for waiving confidentiality to evidence that consideration has been given. We would also expect that the matter would be discussed with the data subject and recorded in a contemporaneous note on the CMS and or file.
Cyber Security Incident	Brute Force attack, Denial of Service Attack, Malware, Phishing, password cracking, key logging, Ransomware, unauthorised access by third party or other Hardware / Software misconfiguration (including use of unapproved or unlicensed software on Council equipment) leading to inappropriate access to, loss, destruction, alteration or corruption of data.	Incidents caught by and isolated and / or removed by cyber security systems or IT personnel before any data can be affected. Any incident detected by a TMBC employee must be reported immediately to IT with no further action taken until IT direct them - i.e. suspicious emails / attachments not to be opened at all and not to be forwarded to IT unless expressly instructed to do so.

Type of Potential Breach	What Does a Breach look like?	What does a Near Miss look like? <u>(for avoidance of doubt a near miss should still be reported to IG Team)</u>
Other non-cyber incident	Sweep up category to be used if any new breaches come to light that do not fit the other categories. Possibly breaches arising from environmental factors (fire / flood etc.) may fit in here.	TBC

**Personal Data Breach Reporting Form**

Please send the completed form to the Information Governance Team within the first 24 hours of knowledge of the potential breach.

<b>Directorate / Service Area</b>	
<b>Assistant Director</b>	
<b>Service Unit Manager / Line Manager</b>	
<b>Employee Reporting Incident</b>	
<b>Person(s) Responsible for Incident</b>	
<b>Date / Time of Incident</b>	
<b>Date / Time when incident was first reported to management / manager</b>	
<b>Type of Data / Information Involved - (Paper / Email / Letter / Electronic Data)</b>	

<b>Details of Incident:</b>	
1	Describe in detail what has happened and how the incident has occurred?  Outline what data / information is involved? e.g. <ul style="list-style-type: none"> <li>• Health or Social Care?</li> <li>• Financial (e.g. Bank details)?</li> <li>• Personally Identifiable Information (e.g. Name, Address, NI Number)?</li> <li>• Sensitive information (e.g. Religion, gender, sex or medical details)?</li> </ul>
2	Did the employee self-report the incident? <input type="checkbox"/> Yes <input type="checkbox"/> No
3	Has the individual responsible for the incident undertaken the mandatory data protection training? If so when? <input type="checkbox"/> Yes <input type="checkbox"/> No  Training completed on:
4	Are there any mitigating circumstances put forward by the employee as to why it happened?
<b>Documents / Emails Only</b>	
5	If relating to a document / email has it been opened / read by the wrong recipient? <input type="checkbox"/> Yes <input type="checkbox"/> No

	Please attach a copy of any letter / document(s) inadvertently disclosed.	
6	<b>If No</b> , and the document / email has not been opened / read, has the document / email been double deleted (email), destroyed and / or recovered?	<input type="checkbox"/> Double deleted (from mailbox and deleted folder) <input type="checkbox"/> Destroyed <input type="checkbox"/> Recovered (must be recovered unopened / unread) If you have ticked one of the above boxes <b>and</b> can provide evidence of the destruction / recovery, proceed to question 16
<b>Electronic Devices Only</b>		
7	If reporting that a mobile device has been lost or stolen, has it been reported to ICT?  Please provide the name of the contact and date?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8	Was it encrypted or password protected?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9	Was the password / code stored with the device?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10	Were any paper records containing personal data stored with the device?  Please describe what paper records were stored with the device.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>General Questions</b>		
11	Number of personal data records concerned?	
12	How many data subjects could be affected?	
13	What is the likelihood that data subjects will experience significant consequences because of the incident?  (Impact on health, wellbeing, family life, finances, community relationships etc.)	<input type="checkbox"/> Very Likely <input type="checkbox"/> Likely <input type="checkbox"/> Neutral – neither likely nor unlikely <input type="checkbox"/> Unlikely <input type="checkbox"/> Very Unlikely <input type="checkbox"/> Unknown

14	Please set out your reasoning for your answer to question 13 above	
15	Does the incident present any immediate safeguarding concerns? Please outline the safeguarding concerns:	<input type="checkbox"/> Yes <input type="checkbox"/> No
16	Please categorise the reason for the incident?	<input type="checkbox"/> Lack of attention / Human Error <input type="checkbox"/> Systems / Process failure <input type="checkbox"/> Lack of training <input type="checkbox"/> Checker failed to spot error
17	Is the incident a one off or has more than one incident occurred? Please provide details of previous incidents?	
18	Please can you detail what learning can be established and implemented from the incident to prevent similar incidents from occurring in the future?	
19	Has there been any media coverage of the incident? <b>If yes</b> , please advise what media coverage has taken place. If possible provide links to the coverage or attach a copy with this form.	<input type="checkbox"/> Yes <input type="checkbox"/> No
20	Are any other partners involved? (Do we need to tell any other organisations about the breach)?	
<b>Immediate Action Taken:</b>		
21	Have you taken any action to reduce the effect on the data subjects involved? If so please provide details:	<input type="checkbox"/> Yes <input type="checkbox"/> No
22	Have you told the data subjects about the breach?	<input type="checkbox"/> Yes <input type="checkbox"/> No

		<b>NB</b> if you have not yet notified the data subject, please do not do so without agreement from the Information Governance Team.
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To be completed by the Manager submitting the Incident Form

Name:  Signature:  Date:  Job Title:
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**Return to the Risk, Insurance and Information Governance Team by emailing [information.governance@tameside.gov.uk](mailto:information.governance@tameside.gov.uk) copying in your Assistant Director**





# Social Media Investigations/Internet Research Policy

**JUNE 2021**

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## BACKGROUND OF POLICY

Most of the information available on the internet is available to any person with internet access. Such information is widely known as open source information. Online open source research is widely regarded as the collection, evaluation and analysis of material from online sources available to the public, whether by payment or otherwise to use as intelligence and evidence.

The use of online open source internet and social media research techniques has become a productive method of obtaining information to assist Tameside Metropolitan Borough Council with its regulatory and enforcement functions. It can also assist with other functions such as service delivery issues and debt recovery. However, the use of the internet and social media is constantly evolving and with it the risks, particularly regarding breaches of privacy under Article 8 Human Rights Act (HRA) and other operational risks.

Tameside Metropolitan Borough Council is a Public Authority in law under the Human Rights Act 1998, and as such, the staff of the authority must always work within this legislation. This applies to research on the internet. Just because it may seem easier to carry out internet research does not mean that it should take place without justification.

## LEGAL FRAMEWORK

This procedure is a restricted document for use by Tameside Metropolitan Borough Council staff only. It should not be published or distributed or disclosed under Freedom of Information Requests. It is relevant for Criminal and Civil Proceedings.

This procedure establishes Tameside Metropolitan Borough Council corporate standards and instructions, which will ensure that all online research and investigations are conducted lawfully and ethically to reduce risk. It provides guidance to all staff, when they are engaged in their official capacity of the implications and legislative/best practice framework associated with online internet and social media research. It will also ensure that the activity undertaken, and any evidence obtained will stand scrutiny.

The aim is to ensure that information gathering, investigations or surveillance involving the use of Social Media are conducted lawfully and correctly in accordance with an individual's human right and with due consideration of relevant legislation and Council policies including:

- Human Rights Act 1988 (HRA)
- European Convention on Human Rights (ECHR)
- Data Protection Legislation (Data Protection Act 2018 (DPA))
- Regulation of Investigatory Powers Act 2000 (RIPA) and
- together with the published codes of practice from the Home Office, Investigatory Powers Commissioner's Office (IPCO), formerly the Office of Surveillance Commissioners (OSC), and the Information Commissioner's Office.
- Tameside Metropolitan Borough Council Policy Social Media Use Responsible Conduct Policy. May 2018.

This policy and procedure should also be read in conjunction with the Council's Regulation of Investigatory Powers Act 2000 (RIPA) policies and procedures, as well as the statutory codes of practice issued by the Secretary of State and the Investigatory Powers Commissioner's Office (IPCO) Guidance. Should there be any queries, advice can be sought from Legal Services. Where activity meets the RIPA criteria, the RIPA policy and procedures must be followed.

Not adhering to policy and procedures could result in members of staff being dealt with through the Council's disciplinary procedure.

Use of Social Media in investigations refers to any instance where an officer accesses Social Media

as described to formally or informally gather evidence for any kind of investigation.

## WHAT IS MEANT BY SOCIAL MEDIA

Social Media has become a significant part of many people's lives. By its very nature, Social Media accumulates a sizable amount of information about a person's life, from daily routines to specific events. Their accessibility on mobile devices can also mean that a person's precise location at a given time may also be recorded whenever they interact with a form of Social Media on their devices. All of this means that incredibly detailed information can be obtained about a person and their activities.

Social Media will always be a web-based service that allows individuals and businesses to construct a public or semi-public profile. Social Media can be very diverse, but will often have some, or all, of the following characteristics.

- The ability to show a list of other users with whom they share a connection; often termed "friends" or "followers".
- The ability to view and browse their list of connections and those made by others within the system
- Hosting capabilities allowing users to post audio, photographs and/or video content that is viewable by others.

Social Media can include community based web sites, online discussions forums, chatrooms and other social spaces online as well.

Current examples of the Social Media, and therefore the most likely to be of use when conducting investigations into alleged offences, include:

- Facebook
- Twitter
- Instagram
- LinkedIn
- Pintrest
- Tumblr
- Reddit
- Flickr
- Google+

Please note that this is not an exhaustive list.

Social media sites have allowed individuals, businesses and organisations to easily communicate between each other, serving as a useful tool to keep in touch and interact on what can be a real time basis.

People or groups can instantaneously share information, coordinate events and provide updates that are of interest to their friends, family or customer base.

Social media sites can also serve as a platform for individuals or groups to express their opinions and social, political and religious beliefs to give just a few common examples.

It is also possible to share photographs or videos with others and where privacy settlements allow, to share the posts of other people not necessarily connected with the original person.

## UTILISING SOCIAL MEDIA WITHIN AN INVESTIGATION

Social Media can therefore be a very useful tool when investigating alleged offences with a view to

bringing a prosecution in the courts. The use of information gathered from the various different forms of Social Media available can go some way to proving or disproving such things as whether a statement made by a defendant, or an allegation made by a complainant, is truthful or not. However, there is a danger that the use of Social Media can be abused, which would have an adverse effect, damaging potential prosecutions and even leave the Council open to complaints or criminal charges itself.

Public Authorities must ensure that any interference with Article 8 is:

- Necessary for a specific and legitimate objective –such as preventing or detecting crime;
- Proportionate to the objective in question;
- In accordance with the law.

Whenever you are using the internet to gather intelligence or evidence you must consider whether you are likely to interfere with a person's private and family life and, if so, whether you should seek authorisation under the Regulation of Investigatory (RIPA) for your conduct.

It is also essential to consider the effect of any collateral intrusion on the private and family life of other people not directly connected with the subject of the research or investigation.

Case by case judgement is vital when researching or investigating online. There are some considerations and standards to apply when using such sites, which this policy covers.

## PRIVACY SETTINGS

The majority of Social Media services will allow its users to decide who can view their activity, and to what degree, through the use of privacy settings. Whilst some users are happy or indifferent about who is able to view their information, others prefer to maintain a level of privacy.

The information publicly available is known as an individual's public profile.

Depending on their intentions, many users will purposely use Social Media with no privacy setting applied whatsoever. This could be due to the fact that they are actively promoting something, such as a business or event, and therefore require as many people as possible to be able to view their Social Media profile at all times; others may do so for reasons of self-promotion or even vanity. Furthermore there may be a lack of awareness of what others can see and how to protect their privacy.

Those individuals with public profiles who operate on Social Media without any, or only limited, forms of privacy settings being activated do so at their own risk. Often, Social Media sites will advise its users through its terms and conditions of the implications of not activating privacy controls, namely that all content they publish or share will be viewable by everyone, including sometimes people who, themselves, do not have an account with that provider.

Whilst the content or information shared by individuals on Social Media remains the property of that individual, it is nonetheless considered to be in the public domain. Publishing content or information using a public, rather than a private setting, means that the individual publishing it is allowing everyone to access and use that information, and to associate it with them.

The opposite of a public profile is a private profile. Some users of Social Media will not wish for their content, information or interactions to be viewable to anyone outside of a very small number of people, if any. In these instances, users will normally set a level of privacy on their Social Media profiles that reflects what they are comfortable with being made available, meaning that, for example, only friends, family and other pre-approved users are able to view their content or make contact with them through that site.

Whilst it is the responsibility of an individual to set privacy settings to protect unsolicited access to

private information, and even though data may be deemed published and no longer under the control of the author, it is unwise to regard it as “open source” or publicly available. The author has a reasonable expectation of privacy if access controls are applied. In some cases, data may be deemed private communication still in transmission (instant messages for example).

By setting their profile to private, a user does not allow everyone to access and use their content. This does not, however, extend to instances where a third party takes it upon themselves to share information which originated on a private profile on their own Social Media profile, for example:

*Person A publicises on their private Social Media page that they intend to throw a party, at which they will be selling alcohol and providing other forms of licensable activities, despite not having a licence from the Council to do so. Person B, who “follows” Person A’s Social Media page, re-publishes this information on their public Social Media page. The information on Person A’s profile cannot be used, however, the same information on Person B’s profile, can.*

Where privacy settings are available but not applied, the data may be considered “open source” or publicly available (ie there is a reduced expectation of privacy). However, in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether the Social Media user has sought to protect such information by restricting its access by activating privacy settings. Multiple and systematic viewing of the information would therefore require a RIPA authorisation.

## RISK

Officers should be made aware that any activity carried out over the internet leaves a trace or footprint which can identify the device used, and, in some circumstances, the individual carrying out the activity. Unless the activity is conducted lawfully, Tameside Metropolitan Borough Council may face legal proceedings for breaching the Article 8 right of the person who is the subject of the research or investigation. There are also legal and reputational risks in failing to handle private information in accordance with GDPR and the DPA.

General routine ‘one-off’ social media enquiries will rarely pose a risk as they will be carried out in an open official capacity, as opposed to a covert capacity.

Using trained staff to undertake certain online research will reduce risks. The use of untrained staff will be a risk-based decision by the departmental managers based on the skills and experience of the individual undertaking the research and the nature and level of the research required.

## NECESSITY/JUSTIFICATION

To justify the research or investigation, there must be a clear lawful reason, and it must be necessary. Therefore, the reason for the research, such as, the criminal conduct that it is aimed to prevent or detect must be identified and clearly described. This should be documented with clear objectives. Should the research or investigation fall within the scope of RIPA (i.e. by amounting to ‘directed surveillance, the activity must not proceed without prior authorisation in accordance with RIPA procedures, including the need to show necessity on specified statutory grounds.

## PROPORTIONALITY

Proportionality involves balancing the intrusiveness of the research on the subject and other innocent third parties who might be affected by it (collateral intrusion) against the need for the activity in operational terms. This requires an evaluation of the benefit to carrying out the activity relative to the seriousness of the suspected conduct under research or investigation, and of the expected benefit of the activity versus the privacy intrusion. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means. All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair.

Where online activity amounts to directed surveillance, part of the application for prior authorisation requires the applicant to demonstrate proportionality to the standard required by RIPA and its relevant Code of Practice.

## **PRIVATE INFORMATION**

RIPA provides that 'private information' includes any information relating to a person's private or family life. Private information should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships.

Prior to, and during any research, officers must take into account the privacy issues regarding any person associated with the research. Where an officer considers that research may interfere with a person's right to privacy, he/she must obtain authorisation from the line manager before proceeding. The line manager must be satisfied the proposed interference is lawful, before consenting to its use.

## **COLLATERAL INTRUSION**

Collateral intrusion is the interference with the private and family life of persons who are not the intended subjects of the research. Measures should be taken, wherever practicable, to avoid or minimise interference with the private and family life of those who are not the intended subjects. Where such collateral intrusion is unavoidable, the activities may still be authorised providing it is considered proportionate to what is sought to be achieved. The same proportionality tests apply to anticipated collateral intrusion as to intrusion into the privacy of the intended subject of the surveillance.

Any collateral intrusion should be kept to the minimum necessary to achieve the specific objectives of the research.

All types of research should therefore include an assessment of the risk of any collateral intrusion, and details of any measures taken to limit and manage the intrusion. This will form part of the procedure if RIPA is engaged.

## **COVERT HUMAN INTELLIGENCE SOURCE (CHIS)**

There is a considerable amount of information on the internet associated with illegal activity such as, unlicensed operators and fly-tipping offenders advertising through social media. To successfully obtain sufficient evidence and intelligence, it may be necessary to covertly communicate with suspects online. This is likely to require a CHIS authorisation.

The guidance relating to online covert CHIS activity is in the RIPA CHIS Codes of Practice. The below information is taken from the codes.

## **DEFINITION OF A COVERT HUMAN INTELLIGENCE SOURCE (CHIS)**

A CHIS is a person who establishes or maintains a personal or other relationship with a person for the purpose of covertly using the relationship to obtain information, or provide access to any information to another person, or covertly discloses information.

A purpose is covert, if and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

Any manipulation of a relationship by a public authority (e.g. one party having a covert purpose on behalf of a public authority) is likely to engage Article 8, regardless of whether or not the public authority intends to acquire private information.

The lawful criteria for CHIS is prevention and detection of crime and prevention of disorder and the offence does not have to have a sentence of 6 months imprisonment. If the enquiry was not for this purpose such as safeguarding or a disciplinary issue it would amount to CHIS activity outside of RIPA which should be authorised under that procedure.

This would equally apply to using a member of the public as it would to a member of Tameside Metropolitan Borough Council staff making the contact. The Codes of Practice at 4.12 state “where someone, such as an employee or member of the public, is tasked by a public authority to use an internet profile to establish or maintain a relationship with a subject of interest for a covert purpose, or otherwise undertakes such activity on behalf of the public authority, in order to obtain or provide access to information, a CHIS authorisation is likely to be required. For example:

- An investigator using the internet to engage with a subject of interest.
- Directing a member of the public (such as a CHIS) to use their own or another internet profile to establish or maintain a relationship with a subject of interest for a covert purpose.
- Joining chat rooms with a view to interacting with a criminal group in order to obtain information about their criminal activities.

## WHAT IS PERMITTED UNDER THIS POLICY

Whether or not Social Media can be used in the course of investigation an offence, or potential offence, will depend on a number of things, including if the suspect has a Social Media presence at all. Investigating officers should also utilise overt traditional techniques and not place too high an emphasis on Social Media. For example, the lack of information on a social media profile should not be taken as evidence that something is or isn't true.

Using social media for investigatory purposes, under statutory powers or otherwise, will meet the definition of “directed surveillance under RIPA 2000,” if it is:

1. covert;
2. likely to reveal private information; and
3. done with some regularity

The primary consideration is the privacy settings and whether the person being monitored has a public or private profile as above.

The general observation duties of many law enforcement officers and other public authorities do not require RIPA authorisation, whether covert or overt. Such general observation duties frequently form part of the legislative functions of public authorities, as opposed to the pre-planned surveillance of a specific person or group of people. General observation duties may include monitoring of publicly accessible areas of the internet in circumstances where it is not part of a specific investigation or operation. (3.33 Aug 2018 RIPA Codes of Practice)

## COUNCIL POLICY REFLECTED ACROSS DIRECTORATES

Tameside Metropolitan Borough Council's policy is that these types of enquiries MUST consist of attributable, overt, initial non-repeated research. This includes any research that is intended to identify themes, trends, possible indicators of criminality or other factors that may influence operational strategies. Some examples are shown below

- viewing publically available postings or websites where the person viewing does not have to register a profile, answer a question, or enter any significant correspondence in order to view. e.g a typical trader's website.
- Initial research to proactively identify how many persons are advertising waste collection via social media to tackle illegal waste (fly-tipping).



- Initial enquiries to corroborate a complaint of a regulatory nature.
- Enquires relating to safeguarding issues.
- Initial enquiries to establish whether a suspect in an enforcement investigation has an online presence to assess whether there is intelligence or evidence available
- Initial enquiries to trace a debtor.

General routine enquiries will not normally engage the RIPA procedure as they are open and transparent and not normally repeated. There will be a low expectation of privacy and no RIPA authorisation would normally be required to view or record these pages. They also need to be carried out using Tameside Metropolitan Borough Council networked computers via open search engines such as Google.

**TEAMS WITHIN REGULATORY SERVICES**, namely Trading Standards, Licensing, Exchequer and Environmental Health are responsible for ensuring compliance with a wide range of criminal legislation. Many businesses now operate solely on social media sites now, and it is therefore necessary, in order to protect the public and to ensure compliance with legislation, that officers can use social media. Some examples where the use of social media is necessary and proportionate is to identify and establish evidence of sellers of counterfeit goods; illicit tobacco; and unlicensed tattooists, skin piercers and dog breeders, business grants/owners.

**CHILDREN AND FAMILIES:** Children's Social Care can use a range of methods when attempting to locate / contact absent or estranged parents in order to provide notice of care proceedings. Judicial bodies have highlighted the role that social media sites can play in ensuring parents know about care proceedings (Justice Holman, February 2017).

[Social workers can use Facebook to search for missing parents, says judge \(communitycare.co.uk\)](https://www.communitycare.co.uk/news/social-workers-can-use-facebook-to-search-for-missing-parents-says-judge/)

Similarly, use is appropriate where there are concerns around safeguarding, exploitation, or children missing from home.

<https://www.basw.co.uk/system/files/resources/Social%20Media%20Policy.pdf#:~:text=Social%20media%20is%20being%20used%20in%20safeguarding%20investigations,practice%20and%20legislation%20to%20protect%20and%20empower%20children.>

Education Services can also use social media to locate children who are missing from education. There has been much debate nationally on the use of such platforms in contacting children, young people and families and gathering evidence for the purpose of assessment or proceedings. Please see appendix B to this policy.

## **ADULT HEALTH AND SOCIAL CARE:**

Support and Safeguarding teams may try to locate vulnerable adults or need to identify / request contact with guardians or care givers.

Adult Social care teams can use a range of methods when attempting to locate / contact absent vulnerable adults in order to ensure they are safe. Similarly, use is appropriate where there are concerns around safeguarding or exploitation. There is lots of evidence of the benefits of using social media in social care as long as the service works within its organisational guidelines. Depending upon the purpose of the business, these accounts can be 'overt' (an open public page) or 'covert' (hidden from public view).

When using social media, the approach taken by all employees needs to be proportionate, necessary and have a recognised legitimate aim that protects the individual's privacy rights and meets the following legislative requirements:

- The Data Protection Act 2018 and GDPR.
- Article 8 of the Human Rights Act (Individual's right to privacy).
- Regulation of Investigatory Powers Act, 2000.

As stated, the systematic accessing or consistent monitoring of an individual's /business's internet and social networking site may potentially fall within the definition of covert directed surveillance, which would require authorisation to be sought from a Magistrates Court. Failure to seek authorisation when necessary could result in the Council breaching an individual's right to privacy (Article 8 of the Human Rights Act). It is therefore important that officers follow this policy and seek additional advice if necessary, in respect of The Regulation of Investigatory Powers Act when considering accessing internet and social networking sites. Please see appendix B to this policy.

## ONE- OFF VISITS

A distinction is made between one-off and repeated visits to an individual's Social Media profile.

One-off visits, or otherwise infrequent visits spread out over time, would not be considered "directed surveillance" for the purposes of RIPA. Repeated or frequent visits however may cross over into becoming "directed surveillance" requiring RIPA authorisation.

A person's Social Media profile should not be routinely monitored e.g on an hourly, daily or weekly basis, in search of updates as this would require RIPA authorisation.

**A "one-off" is an on-line visit of a social media platform to gather information that is publically available.** A log must be maintained within the investigation file detailing the date and time of each visit and a brief note of the information gained, which is pre-authorised by the officer's line manager.

Each single viewing of an individual's social media site must be recorded on the log.

For any surveillance that is more than a "one-off", those involved should consider whether to seek RIPA authorisation. Officers should consider the parallel situation: live, covert observation of a person in public places. If an authorisation would be required in the real world, one would also be required in the virtual world. Continued covert visits are likely to be unjustifiable without formal consideration under RIPA.

Prior to commencing general routine enquiries on the internet, Line Manager (Service Unit Manager- minimum level) approval will be required. This should be clearly documented within the case file notes preferably by using the form provided at Appendix A.

## WHAT IS NOT PERMITTED UNDER THIS POLICY

Council officers should **NOT** attempt to circumvent privacy settings and view an individual's information on multiple occasions unless authorisation has been sought under RIPA. Such attempts may include, but are not limited to;

- sending "friend", 'like', 'create and/or send posts' or "follow" requests to the individual and/or company;
- setting up or using bogus Social Media profiles in an attempt to gain access to the individual's and/or company's private profile;
- contacting the individual and/or company through any form of instant messaging or chat function requesting access or information;
- asking family, friends, colleagues or any other third party to gain access on their behalf, or otherwise using the Social Media accounts of such people to gain access; and /or
- using any other deceptive or misleading method

- **repeated viewing (2 times or more within a 28 day period within the same department) of 'open source' information is NOT PERMITTED and requires a RIPA authorisation.**

## **USE OF OFFICIAL ORGANISATION / DEPARTMENTAL SOCIAL MEDIA ACCOUNTS**

Social media accounts used for investigation purposes and/or linked research must only be accessed on devices belonging to the council. When conducting internet enquiries or investigations, these must be carried out through a dedicated Council-wide Investigations/research Social Media account for the specific purpose of carrying out an investigation and/research, through genuine open source techniques and openly available search engines such as Google (open site)

Officers are **NOT** permitted to create additional departmental social media accounts and/or their own personal social media accounts for the purposes of investigations/gathering information. This is because it is impossible to effectively monitor and control due to the potential number of users and associated risks of officers potentially acting unlawfully. There are also implications for the officers, as they are leaving audit trails, that are inappropriate. As a result, it is likely to leave the council facing liability issues over potential breaches of privacy under the HRA or other legislation such as RIPA and the GDPR.

## **CAPTURING EVIDENCE**

Once content available from an individual's social media profile has been identified as being relevant to the investigation being undertaken, it needs to be recorded and captured for the purposes of producing as evidence at any potential prosecution. Depending on the nature of the evidence, there are a number of ways in which this may be done.

Where evidence takes the form of a readable or otherwise observable content, such as text, status updates or photographs, it is acceptable for this to be copied directly from the site, or captured via a screenshot, onto a hard drive or some other form of storage device, and subsequently printed to a hard copy. The hard copy evidence should then be exhibited to a suitably prepared witness statement in the normal way.

Where evidence takes the form of audio or video content then efforts should be made to download the content to the authorised location on the Council's storage systems. This should be agreed by each Service and IT Services. In the event that material needs to be copied to a USB pen drive please refer to the Removable media please on the Intranet. The relevant Council data retention periods must also be adhered to.

When capturing evidence from an individual's public social media profile, steps should be taken to ensure that all relevant aspects of that evidence are recorded effectively. For example, when taking a screenshot of a person's social media profile, the officer doing so should make sure that the time and date are visible on the screenshot in order to prove when the evidence was captured. Likewise, if the evidence being captured is a specific status update or post published on the person's profile, steps should be taken to make sure that the date and time of that status update or post is visible within the screenshot. Without this information, the effectiveness of the evidence is potentially lost as it may not be admissible in court.

Due to the nature of social media, there is a significant risk of collateral damage in the form of other, innocent parties' information being inadvertently captured alongside that of the suspected offender's. When capturing evidence from a social media profile, steps should be taken to minimise this collateral damage either before capturing the evidence, or subsequently through redaction. This might be particularly prevalent on social media profiles promoting certain events, where users are encouraged to interact with each other by posting messages or on photographs where other users may be making comments.

## ACTIVITIES BY MEMBERS OF THE PUBLIC

If during the course of a complaint or enquiry, it is necessary to obtain internet material for intelligence or evidence from a member of the public, they may be asked to provide printed screen shots to corroborate the information. However, any subsequent internet research should be carried out by Tameside Metropolitan Borough Council staff and not the member of the public. This will assist with managing the activity in line with legislation and guidance. It will also reduce the risks associated with these types of enquiries. Therefore, this information should be made clear to the member of the public and documented within the relevant case notes.

## USE OF INFORMATION AND MATERIAL OBTAINED

The material obtained from conducting open source internet and social media research may be used as intelligence or evidence. However, it has varying levels of value due to its reliability and authenticity. The OSC have previously stated that “particular care should be taken when using data or information obtained from open or unevaluated sources such as the internet or social networks”. That is because it is not conclusive as to who posted the information. A considerable amount of information on the internet, unless being capable of time lined is historical data. Therefore, corroboration should be sought. It is currently regarded as hearsay evidence and will require corroboration.

## PRESERVATION OF EVIDENCE

Evidence obtained from the internet is digital evidence. All digital evidence is subject to the same rules and laws that apply to documentary evidence.

It is also necessary to demonstrate how evidence has been recovered, showing each process through which, the evidence was obtained.

Evidence should be preserved to such an extent that a third party is able to repeat the same process and arrive at the same result as that presented to a court. Therefore, it is important that evidence obtained online is preserved and presented in a manner that is able to withstand scrutiny.

Researching, recording, storing, and using open source information regarding a person or group of people must be both necessary and proportionate, and take account of the level of intrusion against any person. The activity may also require authorisation and approval by a Magistrate under the Regulation of Investigatory Powers Act (RIPA) 2000. To ensure that any resultant interference with a person’s Article 8 right to respect for their private and family life is lawful, the material must be retained and processed in accordance with the principles of the General Data Protection Regulations (GDPR).

## DATA RETENTION AND DESTRUCTION OF MATERIAL

Where recorded material, in any form or media, is obtained during the course of an investigation which might be relevant to that investigation, or another investigation, or to pending or future civil or criminal proceedings, then it should not be destroyed. It should be retained in accordance with the requirements of the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR), and any other legal requirements, including those of confidentiality, and the Council’s policies and procedures regarding document retention.

Personal data gathered by the Council is subject to the Data Protection Act 2018. When considering whether to retain the data, the Council should:

- review the length of time it keeps personal data;
- consider the purpose or purposes it holds the information for in deciding whether (and for how long) to retain it;
- securely delete information that is no longer needed for this purpose or these purposes; and
- update, archive or securely delete information if it goes out of date

Due to the nature of Social Media, it is important to remember that when information is produced

as a hard copy is destroyed in line with this paragraph, that all digital copies of that evidence is likewise destroyed.

## **WRITTEN ACTIVITY RECORDS**

Written records known as audit trails must be recorded in all cases of internet research. They should detail all the processes applied when obtaining the information and evidence. These will need to be preserved as they may later be required for oversight and to assist with any complaints that may arise with regard to breaches of privacy, or necessity and proportionality issues. Therefore, they may be required to assist with testimony in a court or tribunal relating to the conduct of the examination and procedure adopted.

An internet research form is attached at Appendix C which can be used to record the information.

## **REVIEWING THE ACTIVITY**

During the course of conducting the internet open source research, the nature of the online activity may evolve. It is important staff continually assess and review their activity to ensure it remains lawful and compliant.

## **POLICY RENEWAL**

This Policy will be reviewed on an annual basis.

## Appendix A

### Internet Research Form

Ref no:	Department:	Date:
Subject of the research Name DOB or age Address		
Offence/incident or reason for the research:		
Why it is necessary to undertake these particular enquiries in this way:		
Privacy Issues:  Detail any privacy issues identified to date- how you will manage any private information obtained as a result of the research, including its storage and use:		
Confirmation of where the evidence will be stored		
Data Retention		
Authorised By		

Dated

## Appendix B

### Social Media Authorisation for Social Care

Ref no:	Department:	Date:
Subject of the research Name DOB or age Address		
Describe the nature of the concern (state what you think might happen to the child/vulnerable adult and assess the chances of this happening. Please confirm is this information from a credible source and how credible is the threat)		
Why it is necessary to undertake these particular enquiries in this way: (if it is possible to obtain the same information from another open source, it is not likely to be necessary)		
Privacy Issues: Detail any privacy issues identified to date- how you will manage any private information obtained as a result of the research, including its storage and use:		
Confirmation of where the evidence will be stored		
Data Retention		
Signed		
Print Name (Social Worker)		

Dated

Authorised By

Print Name (Service Manager)

Dated

### Appendix C

### Internet Research Log

Internet Research Activity Log			
Date	Activity undertaken including sites visited	By whom	Outcome of research