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Tameside Metropolitan Borough

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AUDIT PANEL

Day: Tuesday
Date: 9 November 2021
Time: 2.00 pm
Place: George Hatton Hall - Dukinfield Town Hall

Item No.	AGENDA	Page No
1.	**APOLOGIES FOR ABSENCE** To receive any apologies for the meeting from Members of the Panel.	
2.	**DECLARATIONS OF INTEREST** To receive any declarations of interest from Members of the Panel.	
3.	**MINUTES** The Minutes of the meeting of the Audit Panel held on 28 September 2021 to be signed by the Chair as a correct record.	1 - 4
4.	**EXTERNAL AUDIT COMPLETION REPORT** To consider the attached report of the Director of Finance.	5 - 92
5.	**AUDITED STATEMENT OF ACCOUNTS** To consider the attached report of the Director of Finance.	93 - 302
6.	**ANNUAL GOVERNANCE STATEMENT 2020/21** To consider the attached report of the Director of Finance / Head of Risk Management and Audit Services.	303 - 330
7.	**TREASURY MANAGEMENT** To consider the attached report of the Assistant Director of Finance.	331 - 348
8.	**EXTERNAL AUDIT APPOINTMENT UPDATE 2023/24** To consider the attached report of the Director of Finance.	349 - 354
9.	**NATIONAL ANTI FRAUD NETWORK (NAFN) DATA AND INTELLIGENCE SERVICES** To consider the attached report of the Director of Finance / Head of Risk Management and Audit Services.	355 - 386

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.	**RISK MANAGEMENT AND AUDIT SERVICES 2021/22 Q2 PROGRESS REPORT** To consider the attached report of the Head of Risk Management and Audit Services.	387 - 404
11.	**AUDIT PANEL FORWARD PLAN AND TRAINING** To consider the attached report of the Director of Finance.	405 - 412
12.	**CORPORATE RISK REGISTER UPDATE OCTOBER 2021** To consider the attached report of the Director of Finance / Risk, Insurance and Information Governance Manager.	413 - 420
13.	**URGENT ITEMS** To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

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

AUDIT PANEL

28 September 2021

Commenced: 14:00 **Terminated:** 15:10

Present:	Councillors Naylor (Chair), Costello, Fitzpatrick, Kitchen, Owen, Sharif,	
	Councillor Warrington (Observer)	
In Attendance:	Sandra Stewart	Director of Governance and Pensions
	Kathy Roe	Director of Finance
	Caroline Barlow	Assistant Director of Finance
	Heather Green	Finance Business Partner
	Wendy Poole	Head of Risk Management and Audit Services
Apologies for Absence:	Councillor Boyle	

15. DECLARATIONS OF INTEREST

To receive any declarations of interest from Members of the Panel.

16. MINUTES

The Minutes of the meeting of the Audit Panel held on the 27 July 2021 were approved as a correct record.

17. 2021/22 CAPITAL MONITORING REPORT - AS AT MONTH 3

Consideration was given to a report of the Director of Finance, this monitoring report focused on the budget and forecast expenditure for full approved projects in the 2021/22 financial year.

The Assistant Director of Finance reported that the approved budget for 2021/22 was £68.234m (after re-profiling approved at Outturn) and current forecast for the financial year was £66.123m. There were additional schemes that had been identified as a priority for the Council, and where available, capital resource had been earmarked against these schemes, which would be added to the Capital Programme and future detailed monitoring reports once satisfactory business cases had been approved by Executive Cabinet.

It was stated that the current forecast was for service areas to have spent £66.123m on capital investment in 2021/22, which was £2.111m less than the current capital budget for the year. This variation was spread across a number of areas, and was made up of a number of over/underspends on a number of specific schemes (£1.848m) less the re-profiling of expenditure in some other areas (£0.263m).

RESOLVED
That Audit Panel Note the following:
(i) The forecast outturn position for 2021/22 as set out in Appendix 1.
(ii) The re-profiling of budgets into 2022/23 as set out on page 4 of Appendix 1.
(iii) The funding position of the approved Capital Programme as set on page 9 of Appendix 1.
(iv) The changes to the Capital Programme as set out on page 10 in Appendix 1
(v) Note the updated Prudential Indicator position set out on pages 11-12 of Appendix 1, which was approved by Council in February 2021.

18. MONTH 3 INTEGRATED FINANCE REPORT

Consideration was given to a report of the Director of Finance. The report detailed the financial monitoring for the 2021/22 financial year, reflecting actual expenditure to 30 June 2021 and current forecasts to 31 March 2022.

Members of the Panel were advised that At Period 3, Council Budgets were facing significant pressures which were not directly related to the COVID-19 pandemic, with significant forecast overspends in Adults and Children's Social Care being the main contributors to a net forecast overspend of £6.850m. This position was after taking account of forecast underspends in some areas, and additional COVID related income in excess of forecast COVID costs. There was an underlying forecast 'Non-COVID' deficit of £8.238m.

It was stated that Children's Social Care and Adults were the greatest areas of concern with forecast overspends of £5.678m (Children's) and £2.234m (Adults).

In regards to the Tameside and Glossop CCG, the CCG was reporting an overspend of £519k which related to reimbursable COVID expenses for which a future allocation increase would be received.

The Director of Finance led a discussion on non Covid related pressures effecting services and budgets.

RESOLVED
That the Audit Panel note the following:
(i) The forecast outturn position and associated risks for 2021/22 as set out in Appendix 1 and detail for Council budgets as set out in Appendix 2; and
(ii) The reserve transfers set out on pages 27-28 of Appendix 2.

19. CIPFA FINANCIAL MANAGEMENT CODE

Consideration was given to a report of the Director of Finance, which informed Members of the contents of the new CIPFA Financial Management Code and provided an assessment of the Council's current levels of compliance, and any areas for further development and improvement.

The report explained how the Financial Management code provided guidance for good and sustainable financial management in local authorities, giving assurance that authorities were managing resources effectively.

Members were advised that the first year of compliance for the GM code was 2021/22 however, CIPFA had recognised the extraordinary burden being placed on Local Authorities since the beginning of the COVID pandemic. It was explained that in a statement issued on 11 February 2021 a proportionate approach was encouraged, meaning that in practice adherence to some parts of the Code would demonstrate a direction of travel rather than full compliance from 1 April 2021.

It was further explained that an assessment of compliance with the standards in the FM code has been undertaken and was summarised in Appendix 1. This assessment concluded that the Council was compliant with minimum standards set out in the FM Code but had identified some areas for further improvement over the course of the next 12 months. An action plan was attached to the report at Appendix 2.

RESOLVED
That Members of the Panel note the report and endorse the improvement actions identified in the self-assessment against the Code requirements.

20. AUDIT PANEL FORWARD PLAN AND TRAINING

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report set out the updated forward plan and training programme for the Audit Panel for 2021/22 and 2022/23.

Members were advised that to assist the Audit Panel with delivering its terms of reference, officers have prepared the updated work plan for 2021/22 and 2022/23, which set out the areas that should be considered by the Audit Panel. The work plan outlined in Appendix 2 had been updated to remove July 2021 and include November 2022.

It was stated that an update had been made to an item that should have been reported in September 2021, regarding the NAFN Data and Intelligence Services Annual Report and this had been moved to November as the published Annual Report was not yet finalised which formed part of the update. Also and update report regarding the appointment of External Auditors from 2023/24 had been added to November 2021.

An amendment had also been made to move the Annual Governance Statement and Audited Statement of Accounts for 2020/21 and associated External Audit Reports and Training to the meeting in November as the external audit of the accounts was not expected to be completed before the meeting in September.

It was explained that the forward plan also identified proposed training for the coming year. Members of the panel were asked to consider whether any additional items or training were required, with reference to the core functions listed above and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018.

RESOLVED

(i) That the Audit Panel Approve the updated work programme, including training, as set out in Appendix 2; and

(ii) 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.

21. DATA PROTECTION/INFORMATION GOVERNANCE UPDATE REPORT

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services. The report provided an update on Data Protection / Information Governance across the Council and presented some key documents for approval.

The Head of Risk Management and Audit Services advised that attached at Appendix 1 was an update on the existing Data Protection/Information Governance Policy. This had been refreshed to clarify the principles of data protection and the various roles and responsibilities across the Council. The definitions relating to personal and special category data had been expanded to incorporate the various formats in which data could be held. The policy also now set out the key data protection principles set out in UK GDPR and the responsibilities placed on the Council as an organisation.

It was explained that further detail had been added around the issues of data/information sharing and the need to consider fully the risks of all data processing activities, including conducting a Data Protection Impact Assessment where necessary to minimise the risk to the data subjects involved, the Council's customers, residents and service users. The policy now set out the rights of data subjects, in particular Subject Access Requests, and the obligations placed on the Council.

It was stated that the Data Protection/Information Governance Conduct Policy attached at Appendix 2 had been refreshed to clarify the principles of data protection and the various roles and responsibilities across the Council. It now reflected the current legislative and regulatory guidance

and better communicates the role of the Information Governance Team and the internal procedures it has put in place.

The Head or Risk Management set out the updated Data Sharing Code of 2021, which had been written to give individuals, businesses and organisations the confidence to share data in a fair, safe and transparent way in this changing landscape. This code was aimed at giving practitioners the practical steps they need to take, to share data while protecting people's privacy. It was reported that the Code of Practice was laid before Parliament on 18 May 2021 for 40 Sitting Days. Information from the ICO suggested that this period had now elapsed and the code would shortly be issued by the Information Commissioner. The report proposed the adoption of the Data Sharing Code as detailed in the report.

RESOLVED
That the Audit Panel note the report and the following be approved:
(i) The Data Protection/Information Governance Policy attached at Appendix 1.
(ii) The Data Protection/Information Governance Conduct Policy attached at Appendix 2; and
(iii) The adoption of the Data Sharing Code of Practice detailed in Section 3.4 of the report.

22. URGENT ITEMS

There were no urgent items.

CHAIR

Report to:	**AUDIT PANEL**
Date:	9 November 2021
Executive Member / Reporting Officer:	Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance
Subject:	**EXTERNAL AUDIT COMPLETION REPORT**
Report Summary:	This report highlights the key matters arising from Mazars' external audit of the 2020/21 financial statements for both Tameside MBC (TMBC) and the Greater Manchester Pension Fund (GMPF).
Recommendations:	It is recommended that Panel: 1. Considers the matters raised in the reports; 2. **Approves** the adjustments and presentational changes to the accounts, as detailed in in the Audit Completion Reports (**Appendix 1** – TMBC, **Appendix 2** – GMPF); 3. **Confirm** that the Council has complied with all matters set out in the Letters of Representation (Appendix A to the Audit Completion reports) which will be signed by the Director of Finance and Chair of Audit Panel once External Audit have concluded their work on the Council's Property, Plant and Equipment.
Corporate Plan:	The Corporate Plan determines priorities for spending which is summarised in the 2020/21 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
Financial Implications: **(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**	The Statement of Accounts 2020/21 provides full details of the Council's and Greater Manchester Pension Fund'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. These accounts were required to be prepared by 31 July 2021 and are subject to external audit. The final audit Statement of Accounts will be published on the Council's website and included in the Greater Manchester Pension Fund Annual Report.
Legal Implications: **(Authorised by the Borough Solicitor)**	Members need to satisfy themselves that the Council has complied with all matters set out in the letters of representation.
Risk Management:	The external audit provides verification of the Council's financial statements. By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

Access to Information:	The report is to be considered in public.
Background Information:	Appendices: 1) Tameside Council Audit Completion Report 2) Greater Manchester Pension Fund Audit Completion Report The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner Telephone: 0161 342 2929 e-mail: heather.green@tameside.gov.uk

1. BACKGROUND

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

1.2 External audit are required to report on:

- whether the Council's financial statements give a true and fair view of the Council's financial position and the expenditure and income for the year;
- whether the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and
- whether the financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting, and the Local Audit and Accountability Act 2014.

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

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

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

2. AUDIT FINDINGS

2.1 The audit of the Council's accounts is substantially complete and an update will be provided to the Audit Panel at the meeting on 9 November 2021. External Audit are finalising responses to queries with the Council's external valuers in respect of Property, Plant and Equipment and Investment Property. Mazars anticipate issuing an unqualified audit opinion before the end of November 2021.

2.2 There is one amendment to the Financial Statements which results in a change to the Council reserve levels. Due to a change in accounting regulations with effect from 1 April 2020, the Dedicated Schools Grant (DSG) reserve is no longer held as part of the Council's usable reserves, but is instead reflected as an 'unusable' reserve. This change in accounting was not reflected in the draft accounts published in July 2021. The DSG reserve is a deficit balance of £1.686m and therefore the movement of the balance from useable to unusable reserves has the effect of increasing the Council's overall useable reserves by the same amount.

2.3 A number of presentational amendments have been made to the Statement of Accounts to improve disclosure, and correct some internal inconsistency. No changes have been required that fundamentally alter any assessment of the Council's financial position at 31 March 2021 or its income and expenditure for the year then ended. No issues have been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The presentational adjustments recommended by

external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

GMPF

2.4 The audit of the Greater Manchester Pension Fund accounts is substantially complete. Mazars anticipate issuing an unqualified audit opinion before the end of November 2021.

2.5 There are two amendments to the financial statements which impact on the Net Assets Statement and Fund Account as set out in section 6 of the Audit Completion report. The overall impact of these two amendments is to increase the Net Assets of the Greater Manchester Pension Fund by £3.823m. A small number of other presentational amendments have been agreed, which improve the overall quality and presentation of the financial statements.

3. LETTER OF REPRESENTATION

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

4. VALUE FOR MONEY

4.1 In previous years, the Value for Money Conclusion has been issued at the same time as the audit opinion on the financial statements. As set out in section 7 of the TMBC Audit Completion report, this external auditor's commentary on arrangements to secure value for money will be provided in the Auditor's Annual Report, which is due to be issued within three months of issuing the audit opinion on the accounts.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

Audit Completion Report

Tameside Metropolitan Borough Council – Year ended 31 March 2021

25 October 2021

mazars

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07 Value for Money

Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

mazars

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

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

29 October 2021

Dear Panel Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 27 July 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

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

Yours faithfully

Karen Murray

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined benefit liability valuation; and
- Valuation of property, plant and equipment.

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £0.893m. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report, matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:

Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money

We have not yet completed our value for money arrangements work and will report our findings in our Auditor's Annual Report later in the year. Further detail on our value for money arrangements work is provided in section 7 of this report.

Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have not received any questions or objections in respect of the 2020/21 statement of accounts.

1. Executive summary

COVID-19 impacts

The impact of the COVID-19 pandemic on the audit was significant for a second audit year. Although we have had the full co-operation of the finance team and Council management through the audit, the remote working of our audit team and the Council's staff has inevitably meant that the audit work took longer to complete and finalise than would ordinarily be the case.

02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Property, plant and equipment (PPE) and investment property valuations		Our work on PPE and investment property valuations is ongoing. We are finalising responses to our queries with the Council's valuers.
Financial statements, Annual Governance Statement and letter of representation		We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.

Likely to result in material adjustment or significant change to disclosures within the financial statements.

Potential to result in material adjustment or significant change to disclosures within the financial statements.

Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in July 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £11.973m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £11.904m using the same benchmark.

Use of experts

We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures. There were no changes to our planned approach.

Item of account	Management's expert	Our expert
Defined benefit pension liability valuation and disclosures (Council and Group)	Hymans Robertson – Actuary for the Greater Manchester Pension Fund.	PwC – Consulting actuary appointed by the National Audit Office.
Property valuations: land & buildings owned by the Council and investment properties.	External – Align Property Services and Sanderson Weatherall	We engaged our own valuer to review valuation of Tameside One and the Council's share of the land at Manchester Airport
Financial instrument disclosures.	Link Asset Services	We reviewed Link's methodology to gain assurance that the fair value disclosures of the Council's financial assets and liabilities are materially correct. We also obtain evidence of Link's professional qualifications through the National Audit Office.
Long Term Investments – Manchester Airport	BDO	Mazars' Valuations Team

04

Section 04:

Significant findings

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 17 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

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

4. Significant findings

Net defined benefit liability valuation

Description of the risk

The Council's accounts contain material liabilities relating to the local government pension scheme administered by the Greater Manchester Pension Fund (GMPF). The Council relies upon an actuary, Hymans Robertson to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.

How we addressed this risk

Our procedures included:

- corresponding with the GMPF auditor to gain assurance on their audit of the fund;
- assessing the skill, competence and experience of the Fund's actuary, Hymans Robertson including a review of the actuary by our actuarial expert PWC;
- challenging the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation;
- reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by GMPF Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office;
- carrying out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation; and
- considering the impact of the Covid-19 pandemic on the valuation of the pension fund net liability, in particular considering the impact of any material valuation uncertainties highlighted in respect of property investment valuations at the pension fund level.

Audit conclusion

Our work on the net defined benefit liability valuation is substantially complete, subject to resolving our final query in respect of the Council's share of the Pension Fund's assets. To date there are no matters to bring to the Panel's attention.

4. Significant findings

Valuation of property, plant and equipment and investment properties	
	Description of the risk The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment (PPE) including investment properties, with the majority of property assets required to be carried at valuation. Due to the high degree of estimation uncertainty associated with these valuations especially within land and buildings, we have determined there is a significant risk in this area.
	How we addressed this risk Our audit procedures included: • assessing the skill, competence and experience of the Council's valuers; • reviewing the instructions issued to the valuers by management to ensure they comply with the Code requirements; • considering whether the overall revaluation methodology used by the Council's valuers is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • understanding the process followed by management to seek assurance that any land and buildings assets not revalued at 31 March 2021 are not materially misstated; • assessing the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time; • testing the valuation on a sample of properties; • testing a sample of items of capital expenditure in 2020/21 to confirm that the additions are appropriately valued in the financial statements; • considering the impact of the Covid-19 pandemic on asset valuations, in particular considering the impact of any material valuation uncertainties highlighted.
	Audit conclusion As set out in section 2 our work remains in progress. To date we have identified one adjustment to the Council's property valuations, as the valuer updated their valuation of Tameside One after the draft account were produced. The effect of this is to increase the Council's property, plant and equipment balance by £2.1m. We have also identified one control recommendation in relation to a small number of assets not revalued within the required five year cycle. Further detail is included within section 5 of this report.

4. Significant findings

Key areas of management judgement and enhanced risks

Valuation of shareholding in Manchester Airport	
	Description of the management judgement The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2021. The valuation is determined according to a methodology and applying assumptions.
	How our audit addressed this area of management judgement Our approach to auditing the investment in Manchester Airport Holdings Limited includes the involvement of the Mazars in-house valuation team. The Mazars in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.
	Audit conclusion Our work is complete and based on the results of our testing there are no matters to bring to the Panel's attention.

4. Significant findings

Schools accounting	
	Description of the risk A number of schools within the Borough transferred to Academy status in 2020/21. As a result of this the associated land and buildings must be derecognised from the Council's accounts.
	How our audit addressed this risk We reviewed the Department for Education Academy transfer listing to ensure all transferred schools had been identified for derecognition. For each school we reviewed the capital accounting entries, and confirmed the associated land and buildings were correctly derecognised in line with the requirements of the CIPFA Code.
	Audit conclusion Our work is complete and based on the results of our testing there are no matters to bring to the Panel's attention.

4. Significant findings

Qualitative aspects of the Council's accounting practices

Draft accounts were received from the Council on 19 July 2021. Our initial review of the Statement of Accounts identified a number of technical and disclosure changes were needed to ensure compliance with the 2020/21 Code of Practice. The Finance team worked to ensure all relevant adjustments were made to the accounts.

We have reviewed the Council's accounting policies and disclosures in the revised Statement of Accounts and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Significant matters discussed with management

During the audit we maintained a regular dialogue with Council officers. Among the matters discussed through these conversations were:

Accounting treatment for the Council's loan made to Manchester Airport in the year

We discussed the Council's treatment of its loan as capital expenditure in the context of the Capital Financing regulations and the specific requirements to be met in order to treat loans to other organisations as capital expenditure. The Council provided a detailed explanation and supporting evidence to confirm that the loan was provided for capital purposes and the expenditure incurred by the Airport would have been capital had the Council incurred it itself.

Impairments of financial assets

We discussed the Council's approach in considering impairments of its financial assets and in particular those impacted by the Covid-19 pandemic. We obtained explanations and evidence to support the Council's approach to impairing its assets including those assets, which it has not impaired.

Significant difficulties during the audit

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

Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any questions or objections to the 2020/21 financial statements.

05

Section 05:

Internal control recommendations

Page 26

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

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

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

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	1
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	2

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

Our work on IT general controls identified that the Council does not have formal disaster recovery provisions in place. The Council is now in the process of commissioning a new Disaster Recovery facility located at Tameside Hospital and the Corporate IT Business Continuity and Disaster Recovery plan is currently going through the internal governance process.

Potential effects

Major incidents or disasters may cause outage of one or more business critical systems, causing data loss, thereby affecting the availability and integrity of information.

Recommendation

In order to avoid data loss due to the outage of one or more business critical systems, we recommend ensuring the disaster recovery plan clearly defines:
- Roles and responsibilities;
- Assets classification;
- Recovery point objective (RPO) for all critical systems;
- Recovery time objective (RTO) for all critical systems;

The disaster recovery plan should be regularly tested, the testing should include business users and should be documented for audit and monitoring purposes.

Management response

The Council has not previously had a formally documented disaster recovery plan, however all critical systems are subject to robust back up procedures. Service business continuity plans are place for all key services, identifying arrangements for operation in the event of IT systems failure and prioritisation for recovery from back-ups. A corporate IT Business Continuity and Disaster Recovery Plan is now in draft.

The Council approved its first Cyber Security Strategy and associated action plan in September 2020 and it is currently in the process of commissioning a new state-of-the-art TIER 3 Data Centre in the Ashton Old Baths site. When these commissioning works are complete in late autumn all the Councils in-house hosted systems will be transferred to the new facility from their temporary home in Tameside Hospitals Data Centre. Once all the systems have been moved the hospital site will be re-purposed as the Councils first Disaster Recover site with capacity and infrastructure to quickly recover and run all of the Councils in-house hosted systems. This work is targeted for completion in quarter 4 2021/22.

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Management response continued.

The Councils corporate IT Business Continuity and Disaster Recovery Plan is also currently going through internal governance and amongst other things addresses roles and responsibilities, prioritisation of critical and non-critical system recovery and recovery timescales. Systems are categorised in 3 tiers.

- TIER 1 Critical Priority Recovery: System recovery time 1-2 day: System recovery checks annually
- TIER 2 High Priority Recovery: System recovery time 3-5 day: System recovery check every 2 years
- TIER 3 Medium Priority Recovery: System recovery time 1+ week

To ensure this Response Plan is fit-for-purpose the Council has committed to undertake an annual cyber training exercise, to help aid our organisation in testing and practising our response plans to various scenarios including cyber-attack, using the NCSC's 'Exercise In a Box' toolkit.

Other deficiencies in internal control – Level 2

Description of deficiency

Our work on the Council's debtor balances identified an unreconciled difference of £0.632m between the general ledger and revenues and benefits system in respect of business rates debtors.

Potential effects

Discrepancies between the two systems can lead to a misstatement of the Council's debtor balance within the Statement of Accounts.

Recommendation

The discrepancy between the systems should be fully investigated and cleared.

Management response

There is an historical imbalance between the general ledger and Capita system for Non Domestic Rates due to timing differences and coding within the general ledger system. All non-domestic rates receipts are correctly recognised in the Capita Non-Domestic Rates system and there is no misstatement of income due to the Council or individual non-domestic rate account balances. This historical imbalance will be fully investigated and corrected in the general ledger during the 2021/22 financial year.

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

Our work on Property, Plant and Equipment identified a small number of assets (total value £0.270m) which have not been revalued within the five year rolling cycle of valuations. Whilst the value is not significant, this is not in compliance with the requirements of the CIPFA Code.

Potential effects

Failing to revalue assets on a sufficiently regular basis can lead to a misstatement of the Council's Property, Plant and Equipment balance.

Recommendation

The assets should be included in the 2021/22 revaluation programme.

Management response

There are three small land assets, with a net book value on the balance sheet of £13k, which have not been subject to revaluation within the last five years. These three assets are all small insignificant pieces of land which are not expected to have any significant value. The assets will be subject to revaluation before 31st March 2022.

Description of deficiency

Our review of senior officer declarations of interest identified one instance where an amendment was made to the officer's declarations based on a telephone conversation, but no written audit trail was retained to support the amendment. We were able to corroborate the change to third party evidence available from Companies House.

Potential effects

Without a full audit trail in place it is possible for errors to occur when updating records of declarations.

Recommendation

All changes to declarations of interest should be supported by a full audit trail.

Management response

We will ensure that in future all changes to officer declarations of interest are formally documented and written confirmation obtained from the relevant officer.

06

Section 06:

Summary of misstatements

Page 31

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £0.348m. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

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

Unadjusted misstatements

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Dr: Income	893			
Cr: Debtors				-893
The Council has a total short-term debtor balance of £57.9m. From this balance, we specifically tested £28.2m of debtor balances, and sampled the remaining balance of £29.7m. Our sample testing of three debtor balances (total sample value £0.047m) identified one credit note for £1k which had been raised in error. Applying our audit methodology we extrapolated this error over the untested population, and if the error was representative of the whole population, the Short Term Debtors balance and Cost of Services Income would both be overstated by £0.893m. We are satisfied this is not material. As the actual error is only £1k the Council's finance team have decided not to amend the statement of accounts.				
Total unadjusted misstatements	**893**			**-893**

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Property, Plant and Equipment			538	
	Cr: Assets Held for Sale				-538
	To reclassify assets held for sale to surplus assets as they do not currently meet the requirements to be classified as held for sale.				
2	Dr: General Fund Earmarked Reserves			1,686	
	Cr: Dedicated Schools Grant Deficit Adjustment Account				-1,686
	To create a new unusable reserve to hold the Council's Dedicated Schools Grant deficit in line with updated statutory requirements				
3	Dr: Property, Plant and Equipment			2,100	
	Cr: Cost of Services Expenditure		-2,100		
	To account for the revised valuation of Tameside One, reducing previous valuation losses charged to the Comprehensive Income and Expenditure Statement.				
4	Dr: Other Comprehensive Income	1,118			
	Cr: Long Term Investments				-1,118
	To account for the revised valuations of the Council's investments in Inspiredspaces Tameside				

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
5	Dr: Other Operating Income and Expenditure	596			
	Cr: Corporate Costs		-596		-
	To reclassify an element of the Waste Levy incorrectly shown within Corporate Costs				
6	Dr: Short Term Provisions			14,945	
	Cr: Long Term Provisions				-14,945
	To reclassify the Business Rates Appeals provision as long term, reflecting the likely timing of settling appeals cases.				
7	Dr: Receipts in Advance			1,588	
	Cr: Short Term Creditors				1,588
	To reclassify receipts in advance within the short term creditors balance.				
8	Dr: Long Term Liabilities			1,147	
	Cr: Short Term Liabilities				-1,147
	To reclassify amounts owed to Greater Manchester Metropolitan Debt Administration Funds as short term, as the final payment is due within one year.				

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
9	Dr: Net Cost of Service – Corporate Costs Income	1,157			
	Cr: Taxation and Non-Specific Grant Income		-1,157		-
	To reclassify Council Tax Surplus incorrectly shown within Corporate Costs				
10	Dr: Net Cost of Service – Schools Expenditure	713			
	Dr: Net Cost of Service – Adults Income	2,321			
	Dr: Financing and Investment Income and Expenditure	1,014			
	Cr: Net Cost of Service – Schools Income		-713		
	Cr: Net Cost of Service – Adults Expenditure		-2,321		
	Cr: Net Cost of Service – Corporate Costs Income		-66		
	Cr: Net Cost of Service – Corporate Costs Expenditure		-948		
	To correct misclassifications identified through our work on the Expenditure and Funding Analysis.				
	Total adjusted misstatements		**-982**	**982**	

6. Summary of misstatements

Disclosure amendments

During our audit we identified a number of adjustments to the disclosures in the accounts. These have been adjusted by management and include:

- **Cash Flow Statement** – The cash flow statement has been amended following changes to the Comprehensive Income and Expenditure Statement identified on the previous page.
- **Note 1b. Expenditure and Income Analysed by Nature** – Our audit work identified a number of inconsistencies between this note and elsewhere in the accounts. This led to the Note being updated as follows:
  - Other service expenses reduced by £3.175m
  - Loss on disposal of non-current assets increased by £8.684m
  - Interest payments reduced by £8.066m
  - Customer and client receipts reduced by £9.933m
  - Government grant income increased by £10.134m
  - Interest income reduced by £0.201m
  - Other income reduced by £2.557m
- **Note 4. Taxation and Non-Specific Grant Income** – £0.739m reclassified from S31 Business Rates Grants to Retained Business Rates to correct the classification of the income received.
- **Note 4. Taxation and Non-Specific Grant Income** – The analysis of capital grants has been moved from Note 5 to Note 4.
- **Note 5. Grants** - £0.159m reclassified from Covid Grants to Other Grants to correct the classification of income received.
- **Note 10. Unusable Reserves** – The Holding in Manchester Airport Reserve has been combined with the Capital Adjustment Account.
- **Note 12a. Property, Plant and Equipment** – The other movements and assets reclassified in year lines have been consolidated.
- **Note 12a. Property, Plant and Equipment** – The nature of assets owned section has been updated to correct the analysis for vehicles, plant and equipment. The full amount is now shown as owned by the Council.
- **Note 16. Capital Expenditure and Capital Financing** – The note has been updated to include intangible asset additions of £1.027m.
- **Note 19. Financial Instruments** – The fair value of money market loans disclosure has been revised to £132.484m following receipt of information from the Council's treasury advisors.
- **Note 27. Leases Operating Leases –** The Council as Lessor table has been updated to include future minimum lease payments receivable arising from land leases. This increases the total of the table by £0.662m.

6. Summary of misstatements

Disclosure amendments continued

- **Note 29. Pension Schemes Accounted for as Defined Contribution Schemes** – The disclosure for Teachers Pension Scheme has been updated to include forecast contributions of £9.239m for 2021/22.
- **Note 30. Pensions** – The employer contributions and benefits paid figures in the reconciliation of the movements in fair value of scheme assets table have now been separated as they were previously netted off.
- **Note 30. Pensions** – The total remeasurements recognised in other comprehensive income sub-total has reduced to £116.549m to correct a casting error.
- **Note 39. External Audit Costs** – Amounts payable in relation to grant certification have been removed as they are not payable to Mazars LLP.
- **Note 44. Assumptions made about the future and other major sources of estimation uncertainty** – The note now includes a sensitivity analysis for each assumption and source of uncertainty.

07

Section 07:

Value for Money

Page 38

7. Value for Money

Approach to Value for Money

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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in [insert date].

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report, due to be issued within three months of issuing our audit opinion.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

Tameside Metropolitan Borough Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

Appendix A: Draft management representation letter

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

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

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

Appendix A: Draft management representation letter

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

There are no undisclosed contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

Appendix A: Draft management representation letter

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

Related party transactions

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

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

Future commitments

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

Subsequent events

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

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

Covid-19

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

Going concern

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

Appendix A: Draft management representation letter

Unadjusted misstatements

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

Yours faithfully

Kathy Roe

Director of Finance

Appendix B: Draft audit report

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Tameside Metropolitan Borough Council ("the Council) for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

Appendix B: Draft audit report

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Appendix B: Draft audit report

We evaluated the Director of Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Panel the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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

Appendix B: Draft audit report

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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the [Council] has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Appendix B: Draft audit report

Use of the audit report

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack;
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

[*Signature*]

Karen Murray – Key Audit Partner

For and on behalf of Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Appendix C: Independence

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

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

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Director of Finance that Tameside Metropolitan Borough Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.

Appendix D: Other communications

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit Panel, confirming that a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Mazars

Karen Murray

Partner

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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 Completion Report

Greater Manchester Pension Fund – Year ended 31 March 2021

October 2021

mazars

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mazars

Members of the Audit Panel
Greater Manchester Pension Fund,
Tameside MBC,
Tameside One,
Market Place,
Ashton under Lyne
OL6 6BH

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

21 October 2021

Dear Committee Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we issued on 24 May 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07721 234043.

Yours faithfully

Signed: {{_es_:signer1:signature }}

Karen Murray

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and
- Valuation of level 3 investments.

Section 5 sets out internal control recommendations and section 6 sets out adjusted and unadjusted audit misstatements.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report, some matters remain outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:

Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Consistency report

We have not yet received the draft Pension Fund Annual Report and we will complete our consistency review on receipt of the Annual Report. We will issue a report stating whether the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Tameside Metropolitan Borough Council. Our draft consistency report is provided in Appendix C.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. We have not received any such correspondence from electors.

1. Executive summary

COVID-19 impacts

The impact of the COVID-19 pandemic on the audit was significant for a second audit year. Although we have had the full co-operation of the finance team and Pension Fund management through the audit, the remote working of our audit team and the Pension Fund's staff has inevitably meant that the audit work took longer to complete and finalise than would ordinarily be the case.

02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below, and the completion of the partner review of the audit work.

Audit area	Status	Description of the outstanding matters
Annual report review		We are awaiting receipt of the draft Annual Report in order to complete our consistency review with the financial statements.
Financial statements and letter of representation		We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.

Likely to result in material adjustment or significant change to disclosures within the financial statements.

Potential to result in material adjustment or significant change to disclosures within the financial statements.

Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum issued in May 2021 and presented to Audit Panel in July 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £220.3 using a benchmark of 1% of net assets, based on the 2019/20 audited financial statements. We set a provisional specific materiality for the fund account of £86m at the planning stage of the audit using a benchmark of 10% of benefits payable based on the 2019/20 audited financial statements.

Our final assessment of materiality, based on the final financial statements for 2020/21 and qualitative factors was set using the same benchmarks:

- Financial Statement materiality £268.9m.
- Fund account specific materiality £91m.

Use of experts

We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures. We made one change to our plan: we engaged our Mazars property valuer expert to provide assurance to the audit team on the assumptions, methodology and valuation of the Pension Fund's investment property assets.

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	Mazars Property Valuation expert

Service organisations

We set out in our Audit Strategy Memorandum our approach to auditing the Pension Fund's service organisations. We confirm there have been no changes to those arrangements during the audit.

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 findings

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 16 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	**Description of the risk** In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion We have completed our work on the Pension Fund's journals and management estimates and there are no matters to bring to Members' attention. We have not to date identified any significant transactions outside the normal course of business during our audit.

4. Significant findings

Valuation of level 3 investments

Description of the risk

As at 31 March 2021, the fair value of investments within level 3 of the fair value hierarchy was £6.6bn, which accounted for approximately 25 per cent of net investment assets. 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.

How we addressed this risk

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the external valuers used by the Pension Fund, and considering the appropriateness of the Pension Fund's instructions to those valuers.
- Obtaining an understanding of the basis of valuation applied in the year.
- Agreeing the valuation of a sample of investments to supporting documentation including custodian records, investment fund manager valuation statements and cash flow adjustments.
- Agreeing the valuation of a sample of investments to unqualified audited accounts or other independent supporting documentation, where relevant.
- Obtaining assurance from our Mazars property valuation expert on the appropriateness of the methodology and assumptions adopted by the Pension Fund's investment property valuer.
- Sample testing the completeness and accuracy of underlying investment property data used by the valuer as part of their valuations.

Although not directly related to the identified significant risk, we also reviewed the Fund's classification of assets in the fair value hierarchy.

Audit conclusion

We have completed our work and there are no material matters identified, although there are some non-material audit adjustments identified and reported in section 6.

4. Significant findings

Qualitative aspects of the Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances.

Draft accounts were received from the Fund on 21 June 2021 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Pension Fund officers have been very helpful in promptly answering our detailed audit queries and prioritising the prompt conclusion of our audit.

Significant matters discussed with management

There were no significant matters discussed with management other than those related to the significant risks and audit mis-statements reported elsewhere in this report.

Significant difficulties during the audit

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

Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2020/21 audit.

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

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

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

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

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

Our audit procedures included obtaining direct confirmation from financial institutions of investments. The confirmation from Barclays confirmed the value of the investment and also confirmed that the interest of £1.4m had been paid into an old separate account. The Pension Fund had accrued the interest due thus ensuring it was correctly reported in the accounts. However, the Pension Fund and Tameside Council established that the bank mandate for this account was out of date. Although the Fund/Council had previously contacted the bank to change the mandate, this had not been progressed.

Potential effects

The bank mandate not being kept up to date means that the Fund is unable to access the money in the account in a timely manner.

Recommendation

a) The Fund/Council should immediately update the bank mandate to obtain access to the funds in the old Barclays account.

b) The Fund/Council should conduct an annual review of bank accounts held by the Fund and ensure that mandates are up to date.

Management response

Agree. Recommendation part a) has commenced and part b) will follow as part of next years closedown procedures.

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

Our audit procedures on the Pensions Administration IT system, Altair, identified that the Fund does not have a clearly documented Disaster Recovery Plan. Furthermore, the last test of the disaster recovery processes was three years ago.

Potential effects

The absence of a clearly documented plan exposes the Fund to risks that in the event of a disaster responsibilities are not clear, and the recovery process is not managed and delivered to the Fund's required timescales.

The absence of regular testing of the disaster recovery plan means the Fund may be unprepared to respond promptly and correctly in the event of a disaster. Both these impacts may lead to delays in recovering data or full data losses.

Recommendation

Clearly document the disaster recovery plan for the Fund's Pension Administration IT system, and regularly test the plan.

Management response

With regard to the Altair Administration system, GMPF has not had a disaster recovery plan or test for three years since we became a hosted client of Aquila Heywood as there were effective backup and DR procedures in place provided by their partner Bluechip. These documents are available and give reassurance over the resilience of the system The only thing that is responsibility of and under control of GMPF/Tameside is internet connectivity and VPN.

Management response (continued)

In the event that these are down, we have a contingency in place for key processes such as running payroll which involves the use of two factor authentication until such a time when connectivity is regained.

We will document these procedures in a formalised disaster recovery plan alongside those for other systems.

06

Section 06:

Summary of misstatements

Page 73

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £8m. The table on page 21 outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

All financial misstatements identified above the trivial adjustment threshold have been amended by the Pension Fund. These are outlined on the following page.

Disclosures

In Note 24 the Pension Fund provide the required discloses around the Additional Voluntary Contributions (AVC) scheme. However the main AVC provider, Prudential has not provided the Pension Fund with the information to disclose, namely:

- Contributions paid
- Units purchased and sold
- Fair value of the scheme at 31 March 2021

Consequently the Fund has disclosed zeros in this note with a clarifying narrative disclosure that the information was not available from the third party provider. While the Fund is dependent on the third party provider for the information to disclose, the disclosure is required by the Code of Practice and as a result this note is not compliant with the requirements. We are satisfied this is not a material misstatement.

6. Summary of misstatements

Adjusted misstatements

		Fund Account		Net Assets Statement	
		Dr (£m)	Cr (£m)	Dr (£m)	Cr (£m)
1	Dr: Investment Property			27,350	
	Cr: Increase in fair value of investments		27,350		
	An investment property purchased in March 2021 was omitted from the investment assets. This increases the value of Investment Property by £27.5m with an equal increase in the Fund Account Increase in fair value of investments..				
2	Dr: Other Investment Assets			24,351	
	Cr: Other Investment Liabilities				24,351
	Other Investment Assets included amounts that were due to brokers and should have been recorded as Other Investment Liabilities. This increases the value of both the Other Investment assets and liabilities by £24.3m.				
3	Dr: Increase in fair value of investments	23,527			
	Cr: Pooled investment vehicles				23,527
	An investment asset which was sold in the prior year was incorrectly included in the listing provided by the custodian for 2020/21. This reduces the value of Pooled Investment Vehicles by £23.5m with an equal reduction in the Increase in the fair value of investments.				
	Total adjusted misstatements	23,527	27,350	51,701	47,878

6. Summary of misstatements

Disclosure amendments

During our audit we identified a small number of adjustments to the disclosures in the accounts. These have been adjusted by management. The more significant impacts include:

- Enhancing the disclosure of Financial Instruments in Note 3 to reflect IFRS9 terminology; and
- Renumbering the disclosure note 11 to improve the readability of that lengthy disclosure note.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Draft consistency report

D: Independence

E: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

Greater Manchester Pension Fund - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Pension Fund ('the Pension Fund') administered by Tameside Metropolitan Borough Council ('the Council') for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

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

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

Appendix A: Draft management representation letter (continued)

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

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

There are no undisclosed contingent gains which should be disclosed.

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

Appendix A: Draft management representation letter (continued)

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

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

Related party transactions

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

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

Future commitments

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

Appendix A: Draft management representation letter (continued)

Subsequent events

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

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

Going concern

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

Unadjusted misstatements

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

Yours faithfully

Kathy Roe

Director of Finance

Appendix

Schedule of unadjusted misstatements

	Fund Account		Net Assets Statement	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
Total unadjusted misstatements				

Appendix B: Draft audit report

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

Report on the audit of the financial statements

Opinion on the financial statements of Greater Manchester Pension Fund

We have audited the financial statements of Greater Manchester Pension Fund ('the Pension Fund') for the year ended 31 March 2021, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2021; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

Appendix B: Draft audit report (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Director of Finance for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Appendix B: Draft audit report (continued)

We evaluated the Director of Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Panel the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

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

Appendix B: Draft audit report (continued)

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

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

Karen Murray, Key Audit Partner
For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE

TBC November 2021

Appendix C: Draft consistency report

Independent auditor's statement to the members of Tameside Metropolitan Borough Council on the pension fund financial statements included within the Greater Manchester Pension Fund annual report

Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2021 included within the Greater Manchester Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the summary of significant accounting policies.

Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2021 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

[Where there is a delay between giving the auditor's report on the pension fund statements included within the administering body's financial statements, and issuing this consistent with report, include the following: I have not considered the effects of any events between the date I signed my report on the full financial statements [*insert date*] and the date of this statement.]

Respective responsibilities of the Director of Finance and the auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Tameside Metropolitan Borough Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Tameside Metropolitan Borough Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Tameside Metropolitan Borough Council describes the basis of our opinions on the financial statements.

Appendix C: Draft consistency report (continued)

Use of this auditor's statement

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Tameside Metropolitan Borough Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tameside Metropolitan Borough Council and Tameside Metropolitan Borough Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.

Karen Murray

Key Audit Partner

for and on behalf of Mazars LLP

One St Peter's Square

Manchester

M2 3LE

[*Date*]

Appendix D: Independence

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

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

Appendix E: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Director of Finance that Greater Manchester Pension Fund will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.

Appendix E: Other communications (continued)

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Audit Panel, confirming that a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Karen Murray, Partner

Mazars
One St Peters 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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Report to:	**AUDIT PANEL**
Date:	9 November 2021
Executive Member/ Reporting Officer:	Cllr Ryan – Finance and Economic Growth Kathy Roe – Director of Finance
Subject:	**STATEMENT OF ACCOUNTS 2020/21**
Report Summary:	This report presents the Statement of Accounts for Tameside MBC and the Greater Manchester Pension Fund for the year ended 31 March 2021.
Recommendations:	Audit Panel are asked to: 1. Note the findings of external audit reported in the previous agenda Item and summarised in section 3 below; 2. Approve the Statement of Accounts for 2020/21, subject to the conclusion of the external audit; and 3. Approve delegated authority to the Director of Finance to agree any further amendments to the financial statements arising from the conclusion of the external audit work on PPE. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.
Corporate Plan:	The Corporate Plan helps to determine the priorities for spending, which is summarised in the 2020/21 accounts.
Policy Implications:	There are no direct policy implications flowing from the Statement of Accounts.
Financial Implications: **(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**	The Statement of Accounts 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 was required to prepare draft financial statements by 31 July 2021. These draft financial statements have been subject to external audit and must be approved by the Audit Panel before the external auditor can issue the opinion.
Legal Implications: **(Authorised by the Borough Solicitor)**	The Local Audit and Accountability Act 2014 (the Act) governs the work of auditors appointed to authorities and other local public bodies. The Act, the Accounts and Audit Regulations 2015 and the Local Audit (Public Access to Documents) Act 2017 also cover the duties, responsibilities and rights of local authorities, other organisations and the public concerning the accounts being audited. Non compliance with these provisions could lead to the issue of an advisory notice by the External Auditor, with the ultimate sanction of judicial review, as only a

court can ultimately decide whether a local authority's decision, or failure to decide something it should have, is unlawful.

Risk Management:

The audit provides external verification of the Council's financial statements.

By producing the annual Statement of Accounts, the Council aims to give all interested parties confidence that the public money that has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

Access to Information:

The report is to be considered in public.

Background Information:

The background papers relating to this report can be inspected by
contacting Heather Green, Finance Business Partner.

Telephone: 0161 342 2929

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

1. BACKGROUND

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

2. INTRODUCTION

2.1 The current legislation enables the draft Statement of Accounts to be certified by the Director of Finance (Section 151 Officer) and this was completed on 28 July 2021. External Audit commenced their work in July 2021 and expect to issue their opinion in the coming weeks, pending clearance of outstanding queries with the Council's external valuers.

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

3. MATTERS ARISING FROM THE AUDIT

3.1 There is one amendment to the Financial Statements which results in a change to the Council reserve levels. Due to a change in accounting regulations with effect from 1 April 2020, the Dedicated Schools Grant (DSG) reserve is no longer held as part of the Council's usable reserves, but is instead reflected as an 'unusable' reserve. This change in accounting was not reflected in the draft accounts published in July 2021. The DSG reserve is a deficit balance of £1.686m and therefore the movement of the balance from useable to unusable reserves has the effect of increasing the Council's overall useable reserves by the same amount.

3.2 A number of presentational amendments have been made to the Statement of Accounts to improve disclosure, and correct some internal inconsistency. No changes have been required that fundamentally alter any assessment of the Council's financial position at 31 March 2021 or its income and expenditure for the year then ended. No issues have been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by the Council. The presentational adjustments recommended by external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

3.3 Section 5 of the Audit Completion report includes a number of internal control recommendations for the Council (4 recommendations) and GMPF (2 recommendations). Management responses to these recommendations are reflected within the Audit Completion Report. Actions are already underway to address the high and medium priority recommendations.

3.4 Section 6 of the Audit Completion report identifies one 'unadjusted misstatement' in respect of debtor balances. Total debtor balances reflected in the balance sheet are £57.9m. External Audit have identified one incorrect credit note with a value of £1k within this debtor balance and then extrapolated to a potential error based on the untested balance. We have chosen not to adjust this error on the grounds that the total actual error of just £1k is not material to the total debtor balance, and we do not believe that the error is representative of the untested balance.

4. APPROVAL OF THE AUDITED STATEMENTS

4.1 The Audit Panel is asked to approve the Statement of Accounts attached at **Appendix 1**, which includes the amendments agreed with external audit.

4.2 The external audit of the Statement of Accounts is substantially complete but subject to final review and completion procedures by External Audit. There are queries outstanding with the Council's external valuers which mean that External Audit are not yet able to conclude their work on Property, Plant and Equipment (PPE).

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

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

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.

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.

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 have 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 / (savings) 2020/21

Service	Direct £000	Indirect £000	Total £000
Adults	9,381	(3,925)	**5,456**
Children's Services	252	0	**252**
Education	76	465	**541**
Schools	0	0	**0**
Population Health	4,059	(1,153)	**2,906**
Operations and Neighbourhoods	1,946	580	**2,526**
Growth	86	(390)	**(304)**
Governance	279	1,146	**1,425**
Finance and IT	81	21	**102**
Quality and Safeguarding	0	0	**0**
Capital and Financing	0	7,308	**7,308**
Contingency	0	695	**695**
Corporate Costs	523	33	**556**
Council Tax Hardship Grant	2,158	0	**2,158**
Local Authority Discretionary Grant Fund	2,299	0	**2,299**
Local Restrictions Support Grant (Open)	1,749	0	**1,749**
Additional Restrictions Grant	3,772	0	**3,772**
Test and Trace Support Payments	89	0	**89**
Emergency Assistance Grant	183	0	**183**
Compliance and Enforcement Grant	146	0	**146**
Winter Grant Scheme	1,125	0	**1,125**
Test and Trace Support Grant	153	0	**153**
Contain Outbreak Management Fund	2,416	0	**2,416**
Infection Control Fund	428	0	**428**
Asymptomatic Testing Sites	211	0	**211**
Rapid Testing Fund	105	0	**105**
Community Champions	1	0	**1**
Workforce Capacity Fund	569	0	**569**
Clinically Extremely Vulnerable	24	0	**24**
Discharge to Assess Payments	524	0	**524**
Total	**32,634**	**4,780**	**37,414**

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

COVID-19 Grant Funding and other Contributions	Amount Received £000	Amount Spent £000	Balance £000
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
Totals	**57,583**	**37,414**	**20,169**

*** Grants claimed in arrears. Negative balance reflects cash not yet received from Government Departments.*

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 agreement).

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

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

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

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

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

3) The Profile of the Borough

The profile of the Borough in terms of its population and economy is a key driver of the scope and type of services the Council provides to local people. Set out below are some key facts which provide some 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;[1]
- Of those children aged 0-15, 10.6% live in income-deprived households (Income Deprivation Affecting Children Index); and
- Of those residents aged 65 and over, 6.4% live in income-deprived households (Income Deprivation Affecting Older People Index).

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

[1] 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[2];
- 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[3}.
- 3.8% of young people aged 16 and 17 in Tameside were not in education, training or employment (NEET) averaged across December 2019 to February 2020, a fall from 4.8% over the same period the previous year.
- The Borough hosts over 7,772 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.

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

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

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				
Outturn Position £000's	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
Integrated Commissioning Fund	**988,901**	**(333,013)**	**655,887**	**655,785**	**102**

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
Integrated Commissioning Fund	**988,901**	**(333,013)**	**655,887**	**655,785**	**102**

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			31 March 2020		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Income						
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)**
Total Income	**(117,958)**	**(27,386)**	**(143,212)**	**(112,090)**	**(56,957)**	**(169,047)**
Expenditure						
Council Tax						
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**
NDR						
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**
Surplus/deficit (allocated)/paid out in year:						
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**
Total Expenditure	**122,695**	**56,927**	**179,622**	**122,453**	**58,789**	**181,241**
(Surplus)/deficit for the year	**4,737**	**29,540**	**34,277**	**10,363**	**1,831**	**12,195**
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**
Balance carried forward	**(1,903)**	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**
Share of (surplus)/deficit						
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)**
	(1,903)	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**

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 in 2020/21 was 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 in future financial years.

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 predominantly due to ongoing pressures related to the number and cost of external placements.

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.

In November 2019, Executive Cabinet approved additional investment of £2.2 million 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 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.

Achievements and successes in 2020/21:
The upward/positive trajectory of many key indicators and the 'rolling 12 months' show 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

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 1st choice secondary school compared to 82.2% nationally.
- 91.5% of children were placed in their 1st 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
DSG Reserve Brought Forward	**3,228**	**(557)**
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)
DSG Reserve Closing balance	**(557)**	**(1,686)**

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 outturn position for 2020/21 was an underspend on core budgets due to staffing resources being redirected to address the COVID-19 pandemic, and targeted projects subsequently being delayed. This resulted in a number of one-off savings for 2020/21 only.

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.

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.

- 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.
- 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.
- 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. Exchequer services provide Council Tax and Business Rates administration and collection functions. This internal support to frontline service ensures that they are able to deliver the aims of the Council's Corporate Plan.

Achievements and Successes 2020/21

Exchequer Services

- 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.

People and Workforce Development

- 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
- 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.

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
- 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
- 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.

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.

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 warmed 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 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.

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 be 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

A small underspend was achieved in 2020/21 due to savings on staffing costs.

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

Key outputs of the safeguarding service are the following:

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

Achievements and successes in 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.
- 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.
- 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

- 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 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
- 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
Growth					
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)
Operations and Neighbourhoods					
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
Children's					
Education	7,630	5,281	2,349	(2,775)	(426)
Children	247	117	130	(129)	1
Finance & IT					
Finance	13,430	13,417	13	0	13
Digital Tameside	2,925	2,837	88	(68)	20
Population Health					
Active Tameside	3,361	2,993	368	(381)	(13)
Adults					
Adults	2,042	1,960	82	(82)	0
Total	**47,448**	**43,593**	**3,855**	**4,091**	**(236)**

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 are 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
Corporate:	
- Prudential Borrowing	19,725
- Receipts	55
- Reserves	7,898
Total	**43,593**

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.

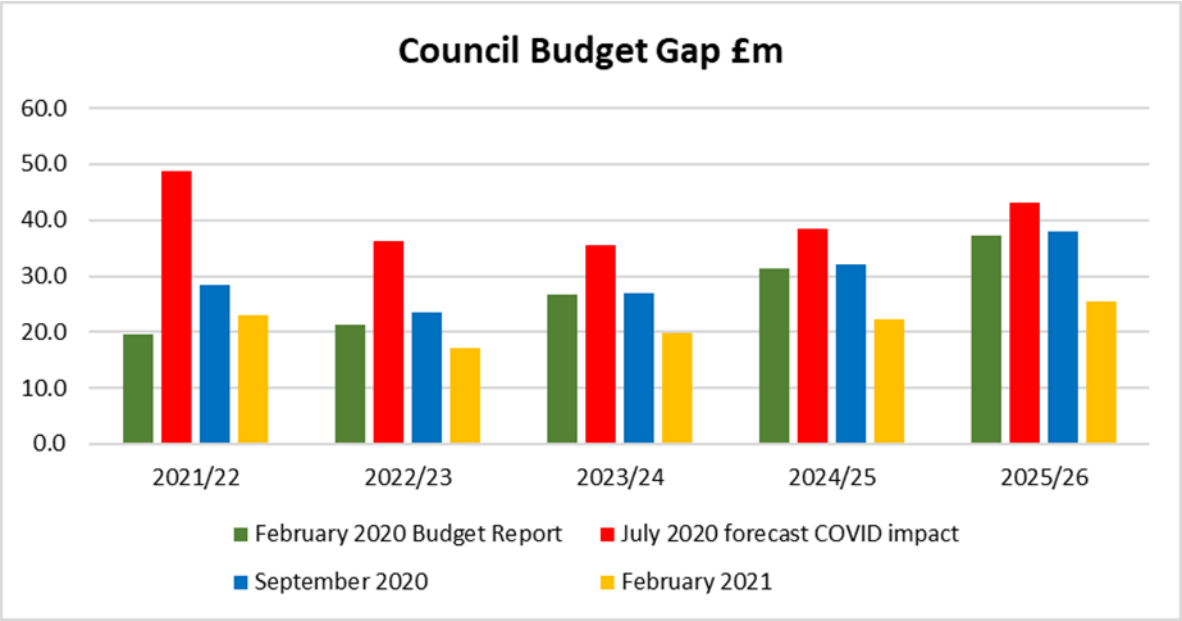
5) Financial Strategy: Outlook for 2021/22 and beyond

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 be as catastrophic as first envisaged, but nonetheless resulted in an increased financial gap for 2021/22.



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.

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:

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

As at 31 March 2021, the Council has earmarked reserves of £150,072k (£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.

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 2020/21 ('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 on the assumption that the functions of the Council will continue in operational 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 44 – 48 and 141, and further detailed information is presented in the accompanying notes.

Comprehensive Income and Expenditure Statement (CIES)

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

The statement shows that the Council's gross expenditure on services in 2020/21 was £503.924m, but after income is included the Net Cost of Services was £175.861m. 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 £19.813m.

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 (£175.861m).

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 £27.244m. 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, £150.073m 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

£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 £107m. 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 £36.988m. 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 £591.899m, an increase of £9.578m 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

£26.890bn at 31 March 2021 (£22.035bn at 31 March 2020), an increase of £4.855bn during the financial year, due primarily to an increase in the fair value of investments at 31 March 2021.

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 (VA School - Land Only)
- St George's Cof E Primary Hyde £0 (VA School - 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:

Covid Grants 2020/21	Total Grant allocation/ received £000	The Council acting as Principal £000	The Council acting as Agent £000	Expenditure as at 31 March 2021 £000	Grant Remaining as at 31 March 2021 £000
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	(8,831)		(8,831)	7,327	(1,504)
Local Restrictions Support Grant (closed)	(1,251)		(1,251)	935	(316)
Christmas Support Payment	(211)		(211)	106	(105)
Closed Businesses Lockdown Payment	(16,144)		(16,144)	5,509	(10,635)
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)	(428)	(3,834)	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)
	(117,898)	**(41,699)**	**(76,199)**	**91,052**	**(26,846)**

Reserves

As at 31 March 2021, the Council has earmarked reserves of £150,073k (£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 £107m.

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 £151.008m (£153.817m 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 was to support the liquidity position of MAG in light of the pandemic and allow it to complete its residual capital commitments as part of its revised business plan. Had the capital expenditure programme not taken place, it is our view that MAG would not have required the shareholder loans and being in a sufficiently liquid position to withstand the pandemic without relying on a shareholder loan cash injection. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum

The three recent investments into Manchester Airport have all be intended to support the significant capital investment programme into key strategic infrastructure. It is therefore our view that these investments fall within the spirit of the rules as determined by the definition of capital expenditure as defined by section 16 and section 25 (b) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

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.

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:

28 July 2021

Kathy Roe
Director of Finance (Section 151 Officer)

Tameside Metropolitan Borough Council

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

Statement of Responsibilities

This is a signed statement by the Director of Finance (Section 151 Officer) certifying that the accounts comply with requirements and ‘present a true and fair view’ of the Council’s financial position as at 31 March 2021.

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: 28 July 2021

Kathy Roe
Director of Finance (Section 151 Officer)

Financial Statements

Financial Statements are applicable to all local authorities and comprise:

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

Comprehensive Income and Expenditure Statement for the year ended 31 March 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 Restated		
	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		162,169	(146,477)	15,692	174,897	(143,840)	31,057
Adults' Social Care		86,510	(45,265)	41,245	92,182	(47,113)	45,069
Population Health		18,035	(268)	17,767	19,369	(145)	19,224
Quality & Safeguarding		245	(128)	117	375	(199)	176
Operations & Neighbourhoods		39,198	(7,136)	32,062	52,261	(6,923)	45,338
Growth		16,677	(18,196)	(1,519)	29,754	(19,711)	10,043
Finance & IT		6,977	(613)	6,364	9,999	(506)	9,493
Governance		72,261	(61,877)	10,384	77,777	(66,679)	11,098
Corporate Costs*		33,629	(37,277)	(3,648)	6,179	(14,676)	(8,497)
Cost Of Services	1	**503,924**	**(328,063)**	**175,861**	**528,076**	**(304,277)**	**223,799**
Other Operating Income and Expenditure	2	37,757	(55)	37,702	38,257	(9,792)	28,465
Financing and Investment Income and Expenditure	3	38,557	(13,393)	25,164	32,322	(23,141)	9,181
Taxation and Non-Specific Grant Income	4	0	(218,914)	(218,914)	0	(201,435)	(201,435)
(Surplus) or Deficit on Provision of Services		**580,238**	**(560,425)**	**19,813**	**598,655**	**(538,645)**	**60,010**
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			(773)			14,402
Total Other Comprehensive Income and Expenditure				89,253			(110,359)
Total Comprehensive Income and Expenditure				**109,066**			**(50,349)**

2019/20 Restatement - £13,148k of depreciation charges and revaluation losses relating to school assets were incorrectly allocated against Children's Social Care in the 2019/20 Comprehensive Income and Expenditure Statement. The above statement has been restated to allocate the depreciation charges and revaluation losses against the Education service.

* 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 Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Note	9a	9a	11	8	9b	9c	9a	10	
Balance at 31 March 2019 *	**(17,295)**	**(7,389)**	**(127,268)**	**(151,952)**	**(537)**	**(17,350)**	**(169,837)**	**74,133**	**(95,705)**
(Surplus) or Deficit on the Provision of Services **	60,010	0	0	**60,010**	0	0	**60,010**	0	60,010
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	(110,359)	(110,359)
Total Comprehensive Income and Expenditure	**60,010**	**0**	**0**	**60,010**	**0**	**0**	**60,010**	**(110,359)**	**(50,349)**
Adjustments between accounting basis & funding basis under regulations ***	(61,791)	0	0	(61,791)	534	(3,073)	(64,330)	64,330	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(1,781)**	**0**	**0**	**(1,781)**	**534**	**(3,073)**	**(4,320)**	**(46,029)**	**(50,349)**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	(9,126)	332	8,794	0	0	0	0	0	0
(Increase)/decrease in year	**(10,907)**	**332**	**8,794**	**(1,781)**	**534**	**(3,073)**	**(4,320)**	**(46,029)**	**(50,349)**
Balance at 31 March 2020 *	**(28,203)**	**(7,057)**	**(118,474)**	**(153,733)**	**(3)**	**(20,423)**	**(174,157)**	**28,104**	**(146,054)**
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	(556)	0	0	(556)	0	0	(556)	556	0
Restated balance at 1 April 2020	**(28,759)**	**(7,057)**	**(118,474)**	**(154,289)**	**(3)**	**(20,423)**	**(174,713)**	**28,660**	**(146,054)**
(Surplus) or Deficit on the Provision of Services **	19,813	0	0	19,813	0	0	19,813	0	19,813
Other Comprehensive Income and Expenditure **	0	0	0	0	0	0	0	89,253	89,253
Total Comprehensive Income and Expenditure	**19,813**	**0**	**0**	**19,813**	**0**	**0**	**19,813**	**89,253**	**109,066**
Adjustments between accounting basis & funding basis under regulations ***	(52,194)	0	0	(52,194)	0	476	(51,718)	51,718	0
Net (increase)/decrease before transfers to Earmarked Reserves	**(32,381)**	**0**	**0**	**(32,381)**	**0**	**476**	**(31,905)**	**140,971**	**109,066**
Transfers to/(from) Earmarked Reserves and Schools Balances ****	33,896	(2,297)	(31,599)	0	0	0	0	0	0
(Increase)/decrease in year	**1,515**	**(2,297)**	**(31,599)**	**(32,381)**	**0**	**476**	**(31,905)**	**140,971**	**109,066**
Balance at 31 March 2021 *	**(27,244)**	**(9,354)**	**(150,073)**	**(186,670)**	**(3)**	**(19,947)**	**(206,618)**	**169,631**	**(36,988)**

* 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	455,751	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	49,770	70,521
Non-current Assets		**591,899**	**582,321**
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	0	538
Current Assets		**168,475**	**177,378**
Short Term Borrowing	19	(19,690)	(13,558)
Short Term Creditors	24	(72,089)	(58,357)
Other Short Term Liabilities	25	(2,821)	(2,696)
Current Liabilities		**(94,600)**	**(74,611)**
Long Term Borrowing	19	(141,340)	(141,735)
Long Term Provisions	26	(18,126)	(16,571)
Pensions Liability	25	(372,635)	(278,987)
PFI	25	(94,058)	(96,873)
Other Long Term Liabilities	25	(2,627)	(4,868)
Non-current Liabilities		**(628,786)**	**(539,034)**
Net Assets / (Liabilities)		**36,988**	**146,054**
Usable Reserves	9	(206,619)	(174,159)
Unusable Reserves	10	169,631	28,105
Total Reserves		**(36,988)**	**(146,054)**

The notes to the financial statements on pages 49 - 145 form part of this account. The financial statements on pages 44-48 were authorised for issue by the Director of Finance (Section 151 Officer) on 28 July 2021.

Kathy Roe
28 July 2021
Director of Finance (Section 151 Officer)

Cash Flow Statement for the year ended 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		19,813	60,010
Adjustment to Surplus or Deficit on the Provision of Services for Non-cash Movements	31a	(86,550)	(103,747)
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	31b	15,475	25,662
Net Cash Flows from Operating Activities		**(51,263)**	**(18,076)**
Net Cash Flows from Investing Activities	32	52,538	23,765
Net Cash Flows from Financing Activities	33	816	(21,645)
Net (Increase) or Decrease in Cash and Cash Equivalents		**2,091**	**(15,956)**
Cash and Cash Equivalents at the Beginning of the Reporting Period	23	52,432	36,476
Cash and Cash Equivalents at the End of the Reporting Period	23	**50,341**	**52,432**

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.

2020/21	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	56,964	(512)	**56,452**	944	57,396
Education	6,585	(831)	**5,754**	9,938	15,692
Adults' Social Care	38,509	1,685	**40,194**	1,053	41,247
Population Health	14,453	106	**14,559**	3,207	17,766
Quality & Safeguarding	103	0	**103**	13	116
Operations & Neighbourhoods	53,584	(30,411)	**23,173**	8,890	32,063
Growth	8,571	(13,355)	**(4,784)**	3,263	(1,520)
Finance & IT	7,100	(1,435)	**5,665**	700	6,365
Governance	9,854	(33)	**9,821**	564	10,385
Corporate Costs	9,453	(13,648)	**(4,195)**	545	(3,650)
Net costs of services	**205,176**	**(58,434)**	**146,742**	**29,117**	**175,860**
Other income and expenditure	(205,279)	58,434	**(146,845)**	(9,202)	(156,047)
(Surplus) or deficit	**(103)**	**0**	**(103)**	**19,915**	**19,813**

Opening General Fund	(28,203)
Add deficit on General Fund Balance in Year	(103)
Less Transfer to Earmarked Reserves	1,062
Closing General Fund Balance at 31 March 2020	**(27,244)**

2019/20	As reported for financial mangement £000	Adjustment to arrive at the net amount chargeable to the General Fund (Note 1a) £000	Net Expenditure chageable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children's Social Care	56,836	270	**57,106**	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)
Net costs of services	**196,816**	**(44,548)**	**152,268**	**71,530**	**223,801**
Other income and expenditure	(196,803)	44,548	**(152,255)**	(11,534)	(163,790)
(Surplus) or deficit	**13**	**0**	**13**	**59,996**	**60,010**

Opening General Fund	(17,295)
Add Surplus on General Fund Balance in Year	13
Add Contribution from Earmarked Reserves	(10,921)
Closing General Fund Balance at 31 March 2019	**(28,203)**

1a. Note to the Expenditure and Funding Analysis

2020/21	56,964 £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	(512)	0	0	0	0	**(512)**	0	924	20	**944**
Education	(405)	(426)	0	0	0	**(831)**	7,824	1,736	378	**9,938**
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**	3,175	32	1	**3,207**
Quality & Safeguarding	0	0	0	0	0	**0**	0	13	0	**13**
Operations & Neighbourhoods	(3,718)	(945)	(25,748)	0	0	**(30,411)**	7,866	1,003	22	**8,890**
Growth	(3,024)	(60)	(976)	(9,295)	0	**(13,355)**	3,082	177	4	**3,263**
Finance & IT	(1,435)	0	0	0	0	**(1,435)**	486	209	4	**700**
Governance	(33)	0	0	0	0	**(33)**	0	552	12	**564**
Corporate Costs	(28,914)	(7,026)	(110)	(16,006)	38,408	**(13,648)**	0	41	504	**545**
Net costs of services	**(36,250)**	**(8,457)**	**(26,834)**	**(25,301)**	**38,408**	**(58,434)**	**22,433**	**5,717**	**967**	**29,117**
Other income and expenditure	36,250	8,457	26,834	25,301	(38,408)	**58,434**	(22,433)	(5,717)	18,948	**(9,202)**
Total	0	0	0	0	0	**0**	0	0	19,915	**19,915**

2019/20	Transfers to/(from) reserves at Directorate level £000	Capital expenditure charged against the General Fund balances £000	Adjustments for Other Operating Income and Expenditure £000	Adjustments for Financing and Investment Income and Expenditure £000	Adjustments for Taxation and Non-Specific Grant Income £000	Total to arrive at amount charge to general fund £000	Adjustment for Capital Purposes £000	Net change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
Children's Social Care	270	0	0	0	0	**270**	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**
Net costs of services	**(11,721)**	**(2,088)**	**(27,610)**	**(11,897)**	**8,768**	**(44,548)**	**47,325**	**23,547**	**658**	**71,530**
Other income and expenditure	11,721	2,088	27,610	11,897	(8,768)	**44,548**	(47,325)	(23,547)	59,338	**(11,534)**
Total	0	0	0	0	0	**0**	0	0	59,996	**59,996**

1b. Expenditure and Income Analysed by Nature

Expenditure	2020/21 £000	2019/20 £000
Employee benefits expenses	204,042	215,546
Other service expenses	304,124	283,614
Depreciation, amorisation and impairment	18,362	47,396
Loss on disposal of non-current assets	8,684	0
Interest payments	16,009	24,001
Precepts and levies	29,018	28,097
	580,238	**598,654**
Income		
Customer and Client Receipts	(43,254)	(45,219)
Income from Council tax and Business Rates	(148,784)	(174,976)
Government Grant Income	(329,309)	(265,360)
Other Grants Reimbursements and Contributions	(15,151)	(17,532)
Interest Income	(4,631)	(10,568)
Other Income	(19,295)	(24,989)
	(560,424)	**(538,644)**
Surplus/Deficit on provision of services	**19,814**	**60,010**

2. Other Operating Income and Expenditure

	31 March 2021			31 March 2020		
	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Parish Council Precepts	32	0	32	31	0	31
Levies	28,986	0	28,986	28,066	0	28,066
(Gains)/losses on derecognition/ disposal of non-current assets	8,739	(55)	8,684	10,160	(9,792)	368
	37,757	**(55)**	**37,701**	**38,257**	**(9,792)**	**28,465**

3. Financing and Investment Income and Expenditure

	31 March 2021			31 March 2020		
	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000	Gross Exp-enditure £000	Gross Income £000	Net Exp-enditure £000
Interest Payable and Similar Charges	16,009	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 receiveable and similar income	0	(850)	(850)	0	(757)	(757)
Other investment income	0	(3,782)	(3,782)	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	(4,793)	2,525	4,661	(7,563)	(2,903)
Provision for credit loss	5,859	0	5,859	0	0	0
	38,557	**(13,393)**	**25,164**	**32,322**	**(23,141)**	**9,181**

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 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 to the Taxation and Non Specific Grant Income line in the CIES:

	2020/21 £000	2019/20 £000
Council Tax Income	(96,477)	(85,186)
Retained Business Rates	(20,197)	(50,838)
Business Rates Top Up	(31,371)	(30,124)
New Homes Bonus Grant	(1,384)	(1,541)
Section 31 - Business Rates Grants	(40,905)	(9,108)
Other Non Ringfenced Government Grants	0	(1,093)
Covid-19 LA Support Grant	(13,804)	(7,675)
Capital Grants and Contributions		
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	(2,546)	(5,707)
	(218,914)	**(201,435)**

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 credited the following 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	(18,714)	0
Other Grants	(5,906)	(6,124)
	(274,329)	**(247,591)**

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)
Total DSG after Academy recoupment			**126,984**
Brought forward from 2019/20	0	0	(557)
Less: Carry forward to 2021/22 agreed in advance	0	0	(2,518)
Agreed budget distribution for 2020/21	**32,161**	**96,784**	**128,945**
In year adjustments	(311)	0	(311)
Final budget distribution for 2020/21	**31,850**	**96,784**	**128,634**
Actual central expenditure	30,643	0	30,643
Actual ISB deployed to schools	**0**	97,159	97,159
Carry forward to 2021/22	**1,207**	**(375)**	**(1,686)**

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)
Vehicle Maintenance	133	0	133	0	0	0
Civil Engineering	66	0	66	0	0	0
Community Buildings	684	(78)	606	1,187	(148)	1,039
Building Control	241	(128)	113	136	(99)	37
Total	**2,848**	**(3,967)**	**(1,119)**	**2,778**	**(3,484)**	**(707)**

MOVEMENT IN RESERVES STATEMENT (MiRS) NOTES

8. Adjustments Required to Comply with Proper Accounting Practice

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

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

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

Revenue expenditure funded from Capital under Statute

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

Redemption of Debt (Minimum Revenue Provision)

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

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

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

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

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

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

There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve. *The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.*

2020/21	Usable Reserves			
	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(13,061)	0	0	13,061
Revaluation losses on Property Plant and Equipment (PPE)	(19,139)	0	0	19,139
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
Insertion of items not debited or credited to the CIES:				
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)
Adjustments to Capital Receipts Reserve:				
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 Reserve to finance the payments to the Government Capital Receipts Pool	0	0	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of cash	0	0	0	0
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	17	0	0	(17)
Adjustments to Pensions Reserve:				
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)
Adjustments to Collection Fund Adjustment Account:				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	(34,954)	0	0	34,954
Adjustment to Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(464)	0	0	464
Adjustment involving the Dedicated Schools Grant Adjustment Account:	0	0	0	0
Transfer of Dedicated Schools Grant (DSG) deficit to the DSG Adjustment Account	(1,128)	0	0	1,128
Total Adjustments	**(52,194)**	**0**	**476**	**51,718**

2019/20	Usable Reserves			
	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grants and Other Contributions Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments to Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Charges for depreciation of non-current assets	(12,388)	0	0	12,388
Revaluation losses on Property Plant and Equipment (PPE)	(53,460)	0	0	53,460
Revaluation gains on PPE (used to reverse previous revaluation losses)	18,460	0	0	(18,460)
Movements in the market value of Investment Properties	3,123	0	0	(3,123)
Amortisation of Intangible Assets	(8)	0	0	8
Capital grant and contributions received in year	15,870	0	(8,963)	(6,907)
Revenue expenditure funded from Capital under Statute	(3,547)	0	0	3,547
Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the CIES	(10,160)	0	0	10,160
Insertion of items not debited or credited to the CIES:				
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)
Adjustments to Capital Receipts Reserve:				
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 Reserve to finance the	0	0	0	0
Adjustments to Deferred Capital Receipts Reserve:				
Transfer to Capital Receipts Unapplied Account upon receipt of	0	0	0	0
Adjustments to Financial Instruments Adjustment Account:				
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	16	0	0	(16)
Adjustments to Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(52,375)	0	0	52,375
Employer's pensions contributions and direct payments to pensioners payable in the year	20,134	0	0	(20,134)
Adjustments to Collection Fund Adjustment Account:				
Amount by which Council Tax and NDR income credited to the CIES is different from Council Tax and NDR income calculated	(10,706)	0	0	10,706
Adjustment to Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(32)	0	0	32
Total Adjustments	**(61,791)**	**534**	**(3,073)**	**64,330**

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)	(150,072)	(118,473)
Capital Receipts Unapplied Account (Note 9b)	(3)	(3)
Capital Grants and Other Contributions Unapplied Reserve (Note 9c)	(19,947)	(20,423)
Total	**(206,619)**	**(174,159)**

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
Balance at 1 April	**(4)**	**(537)**
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
Balance at 31 March	**(4)**	**(4)**

9c Capital Grants and Other Contributions Unapplied Reserve

	2020/21 £000	2019/20 £000
Balance at 1 April	**(20,423)**	**(17,350)**
Grants and contributions received in previous years - applied	6,093	5,890
Grants and contributions received in year - not applied	(5,616)	(8,963)
Balance at 31 March	**(19,947)**	**(20,423)**

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	(28,524)	(27,751)
Capital Adjustment Account	(167,430)	(163,479)
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
Financial Instruments Adjustment Account	700	717
Deferred Capital Receipts	(7)	(7)
Dedicated Schools Grant Adjustment Account	1,686	0
Total	**169,631**	**28,104**

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
Balance at 1 April	**(60,515)**	**(50,687)**
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	**(26,523)**	**(12,117)**
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	**6,899**	**2,290**
Balance at 31 March	**(80,139)**	**(60,515)**

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
Balance at 1 April	**14,402**	**0**
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	1,117	(8,098)
Surplus on revaluation of Financial Instrument Revaluation Reserve	**(773)**	**14,402**
Balance at 31 March	**13,629**	**14,402**

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
Balance at 1 April	**(163,479)**	**(182,560)**
Adjustment to Asset Register Opening Balances	0	(3,618)
Reversal of items debited or credited to the CIES:		
Charges for depreciation of non-current assets	13,061	12,388
Revaluation losses on Property, Plant and Equipment	19,139	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
	31,172	**57,486**
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	**24,273**	**55,196**
Capital financing applied in the year:		
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)
	(31,814)	**(32,992)**
Movements in the market value of Investment Properties debited or credited to the CIES	3,589	(3,123)
Balance at 31 March	**(167,430)**	**(163,479)**

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
Balance at 1 April	**278,993**	**359,396**
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)
Balance at 31 March	**407,782**	**278,993**

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
Balance at 1 April	**(3,105)**	**(13,811)**
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
Balance at 31 March	**31,849**	**(3,105)**

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
Balance at 1 April	**3,251**	**3,220**
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	**464**	**31**
Balance at 31 March	**3,715**	**3,251**

10g 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
Balance at 1 April	**718**	**734**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(17)	(16)
Balance at 31 March	**701**	**718**

10h 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
Balance at 1 April	**(7)**	**(7)**
Transfer to the Capital Receipts Unapplied Account on receipt of cash	0	0
Balance at 31 March	**(7)**	**(7)**

10i Dedicated Schools Grant Adjustment Account

The Dedicated Schools Adjustment Account was created following the regulations put in place from the School and Early Years Finance (England) Regulations 2020, (the 2020 Regulations) applicable to local authority accounting periods beginning on 1 April 2020. This set out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant (DSG) income. The Council must charge the amount of the deficit, to an account established, charged and used solely for the purpose of recognising deficits in respect of its schools budget: the 2021/22 Code has established this as the 'Dedicated Schools Grant Adjustment Account', an unusable reserve. The accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23.

	2020/21 £000	2019/20 £000
Balance at 1 April	**0**	**0**
Transfer of prior year's Dedicated Schools Grant deficit to new Adjustment Account	557	**0**
Dedicated Schools Grant deficit	1,129	0
Balance at 31 March	**1,686**	**0**

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.
Transfer of DSG Deficit to DSG Adjustment Account (Included in above School Funding Reserve)	0	(1,685)	(1,686)	0	0	0	Adjustment to transfer DSG deficit from earmarked reserves to unusable reserves
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
Total	**(118,473)**	**(31,599)**	**(150,073)**	**(127,267)**	**8,794**	**(118,473)**	

(i) *The collection fund reserve 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 – depreciated historic cost (DHC)*
- *Community Assets and Assets Under Construction – historic cost (HC)*
- *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
Cost or Valuation								
Balance at 1 April 2020	**268,387**	**23,048**	**162,125**	**18,414**	**3,346**	**6,942**	**482,262**	**94,358**
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	(4,972)	0	0	0	(315)	0	(5,287)	2,238
Accumulated Depreciation Written Out	(14,209)	0	0	0	(7)	0	(14,216)	(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	4,778	0	546	(5,871)	3,611	0
At 31 March 2021	**277,422**	**26,263**	**175,250**	**18,633**	**9,467**	**1,507**	**508,542**	**101,192**
Accumulated Depreciation and Impairment								
Balance at 1 April 2020	**(6,845)**	**(8,346)**	**(35,798)**	**(3,590)**	**(128)**	**0**	**(54,707)**	**(192)**
Depreciation charge	(8,270)	(1,627)	(3,164)	0	0	0	(13,061)	(2,396)
Accumulated Depreciation Written Out	14,209	0	0	0	7	0	14,216	2,588
Assets reclassified in year	0	0	0	0	(7)	0	(7)	0
Derecognition/disposal of non-current assets	487	282	0	0	0	0	769	0
At 31 March 2021	**(418)**	**(9,692)**	**(38,962)**	**(3,590)**	**(128)**	**0**	**(52,790)**	**(1)**
Net Book Value								
At 31 March 2021	**277,003**	**16,572**	**136,288**	**15,043**	**9,339**	**1,507**	**455,752**	**101,192**
At 31 March 2020	**261,542**	**14,702**	**126,327**	**14,824**	**3,218**	**6,942**	**427,555**	**94,166**
Nature of asset owned at 31 March 2021								
Owned	175,812	16,572	136,288	15,043	9,339	1,507	455,752	0
Finance Lease	0	0	0	0	0	0	0	0
PFI	101,192	0	0	0	0	0	0	101,192
	277,003	**16,572**	**136,288**	**15,043**	**9,339**	**1,507**	**455,752**	**101,192**

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

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment £000
Cost or Valuation								
At 1 April 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
At 31 March 2020	**564,047**	**62,422**	**313,564**	**36,775**	**8,357**	**17,488**	**1,001,742**	**180,489**
Accumulated Depreciation and Impairment								
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
At 31 March 2020	**(19,270)**	**(32,710)**	**(68,631)**	**(7,180)**	**(256)**	**0**	**(128,047)**	**(2,756)**
Net Book Value								
At 31 March 2020	261,542	14,702	126,327	14,824	3,218	6,942	427,555	94,166
At 31 March 2019	279,314	14,998	118,606	14,771	4,845	10,546	443,080	86,136
Nature of asset owned at 31 March 2020								
Owned	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
	261,542	**14,702**	**126,327**	**14,824**	**3,218**	**6,942**	**427,555**	**94,166**

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
Historical Cost							
Current Value at year end:							
Valued at Historic Cost	270	26,263	175,250	18,633	0	1,507	221,923
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	686	0	686
31 March 2020	0	0	0	0	2	0	2
31 March 2021	277,150	0	0	0	8,779	0	285,929
Total Cost or Valuation	**277,422**	**26,263**	**175,250**	**18,633**	**9,467**	**1,507**	**508,542**

Community Assets are held at historic cost in accordance with the Code of Practice for Local Authority Accounting, and are not subject to revaluation or depreciation. These assets are held for the benefit of the residents and communities of Tameside, and consist of open spaces including: parks, playgrounds, gardens, country parks, allotments, cemeteries, and playing fields.

Valuation of Surplus Assets

Where surplus assets do not meet the criteria for a held for sale asset or an investment property, they fall to be valued at fair value (at highest and best use). The fair value of surplus assets is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value categorise the valuation inputs into into three levels as follows:

• 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.

The valuation of surplus assets is based primarily on level 2 inputs, using observable and comparable land and building sale transaction information for similar sites and locations. There has been no change in the valuation techniques used for surplus properties during the year.

12d. Assets Held for Sale

	2020/21 £000	2019/20 £000
Balance at start of the year	**539**	**1,230**
Adjustments to opening balance	0	(691)
Revised balance at start of year	**539**	**539**
Assets newly classified as held for sale	0	0
Revaluation losses or gains	0	0
Assets declassified as held for sale	(539)	0
Disposals in year	0	0
Balance at end of the year	**0**	**539**

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
Cost or Valuation					
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
Net position	**3,043**	**(2,903)**

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

	2020/21 £000	2019/20 £000
Balance at start of the year	**38,134**	**28,707**
Adjustments to opening balance	0	327
Revised Balance at start of year	**38,134**	**29,034**
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
Balance at end of the year	**31,400**	**38,133**

Valuation of Investment Property
Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use. Valuation techniques used to measure fair value categorise the valuation inputs into into three levels as follows:

• 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.

The valuation of investment properties is based primarily on level 2 inputs, using observable and comparable information. Valuation inputs for investment properties includes market rents, recent land and building sale transaction information (for similar sites and locations), current rental income, occupancy levels, maintenance costs and other cash flow information. There has been no change in the valuation techniques used for investment properties during the year

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)
Revised gross carrying amount	**1,591**	**1,958**
Accumulated amortisation	(1,527)	(1,930)
adjustment to accumulated amortisation	0	10
Revised accumulated amortisation	**(1,527)**	**(1,920)**
Balance at start of the year	**64**	**38**
In year amortisation	(14)	(8)
Additions	1,027	33
Balance at end of the year	**1,077**	**63**

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
Opening CFR plus PFI added in Year	**284,959**	**280,590**
Capital Investment		
Property, Plant and Equipment	25,058	31,696
Investment Properties	21	215
Intangible Assets	1,027	34
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
Sources of Finance		
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)
Closing CFR	**296,739**	**284,959**

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)
Increase / (decrease) in CFR	**11,780**	**4,369**

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
Total	**4,551**

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	1,702	1,739
Inspiredspaces Tameside (Holdings 2) Ltd	3,045	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 Expected Credit Loss	(4,682)	0
Total	**36,881**	**29,028**

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.

Since March 2020, the interest due to the Council on its investments in Manchester has been accrued but no cash has yet been received.

Active Tameside – 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 expected credit losses 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
Investments 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)
Debtors	36,881	28,091	29,029	23,076
Financial Assets at amortised cost	**39,918**	**86,846**	**57,321**	**88,141**
Other Investments	23	0	33	0
Fair Value through Other Comprehensive Income (Designated)				
Inspiredspaces Tameside (Holdings 1) Ltd	3,181	0	3,288	0
Inspiredspaces Tameside (Holdings 2) Ltd	5,828	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
Total Investments and Debtors	**86,650**	**86,846**	**99,551**	**88,141**
Investments treated as Cash Equivalents	0	33,260	0	50,598
Other Cash	0	17,080	0	1,834
Total Financial Assets	**86,650**	**137,187**	**99,551**	**140,573**

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	700	1,122	549	1,131
Financial Liabilities at amortised cost	141,340	19,690	141,735	13,558
Total Borrowing	**141,340**	**19,690**	**141,735**	**13,558**
Creditors	0	66,300	0	38,800
PFI, leases & transferred debt	97,799	2,821	102,736	2,796
Total Financial Liabilities	**239,139**	**88,811**	**244,471**	**55,154**

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
Fair Value through Other Comprehensive Income (Designated)				
Inspiredspaces Tameside (Holdings 1) Ltd	Level 3	Discounted cash flow (see below)	3,181	3,288
Inspiredspaces Tameside (Holdings 2) Ltd	Level 3	Discounted cash flow (see below)	5,828	6,839
Manchester Airport Group (MAG)	Level 2	Market Value	32,000	30,200
Manchester Airport Group (MAG) Additional S	Level 2	Market Value	5,700	1,870
Total			**46,709**	**42,197**

With the adapotion of IFRS9 from 1 April 2018 investments in equity are classified as Fair Value through Profit and Loss (FVPL) unless there is an irrevocable election to designate the asset as fair value through other comprehensive income.

Assets classed as FVPL are assets where the amounts received are not principal and interest. The Council's equity investments would fall within this category as income received would be in the form of dividends. The Council currently holds three equity investments; Inspiredspaces Tameside (Holding Company 1) and Inspiredspaces Tameside (Holding Company 2), both PFI holding companies, and Manchester Airport Group.

Where these equity investments are not held to trade but are held for strategic reasons the Council can choose to designate these investments as Fair Value through Other Comprehensive Income (FVOCI) rather than FVPL. The Council has taken the option to designate all three equity investments as strategic, on the grounds that these holdings are not held to trade but for strategic service or economic reasons. As a result of this any changes will have no impact on the revenue budget and any gains or losses in the value of the shareholding will be transferred to the Financial Instrument Revaluation Reserve.

Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces Tameside (Holdings2) Ltd – The Fair values of both Inspiredspaces Tameside (Holdings1) Ltd and Inspiredspaces(Holding 2) Ltd are assessed annualy using a discounted cashflow model to determine the estimated fair value of the equity holding based on future cashflows. These equity holdings are not openly traded and relate to Special Purpose Vehicles for PFI schools which do not have comparable markets. The discounted cashflow model includes assumptions about future cashflows which are unobservable and therefore these holdings are categorised as Level 3 investments. The valuation is senstitive to assumptions about future cash flows – any percentage change in the forecast future cashflows would result in an equivalent percentage change in the value of the equity holding.

There has been no change to the valuation technique used during the year to estimate the value of Inspiredspces equity holdings. The following table provides the reconciliation of fair value measurements for financial assets carried at fair value categorised within Level 3 of the fair value hierarchy for financial assets:

	2020/21 £000	2019/20 £000
Balance at 1 April	10,126	2,028
Total gains or (losses) for the period:		
Included in Surplus or Deficit in the Provision of Services	0	0
Included in Other Comprehensive Income and Expenditure	(1,117)	8,098
Balance at 31 March	**9,009**	**10,126**

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 additonal £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
Total	**151,008**	**253,522**	**153,817**	**196,490**

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
Investments				
Less Than 1 Year	92,016	92,441	115,663	115,997
Greater Than 1 Year	3,038	3,162	28,291	28,855
Long Term Debtors	36,881	36,881	29,029	29,029
Total Financial Assets at Amortised Cost	**131,935**	**132,484**	**172,984**	**173,882**

- **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;

	31 March 2021 £000	31 March 2020 £000
Gains or Losses on:		
Financial Assets at Fair Value Through Other Comprehensive Income	772	(14,401)
Interest Income		
Financial Assets at Amortised Cost	(1,860)	(3,098)
Financial Assets at Fair Value Through Other Comprehensive Income	(3,297)	(8,995)
Total Interest Income	**(5,157)**	**(12,093)**
Interest Expense	**16,009**	**16,190**

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
Banks and Financial Institutions				
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
Total	38,260			**14**
Other Local Authorities	56,000	N/A	N/A	N/A
Total	**94,260**			**14**

No breaches of the Council's counterparty criteria occurred during the year and the Council does not expect any losses from non-performance by any of it's counterparties in relation to deposits.

The Council does not generally allow credit for its trade debtors. Debt is impaired in line with IFRS9 based on knowledge and experience of past debts and current conditions. At the Balance Sheet date a balance of £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
Total	**12,728**	**11,868**

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above, as well as through a comprehensive cash flow management system, as required by the Code. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB and Money Markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets (principal amount) is as follows:

	31 March 2021 £000	31 March 2020 £000
Less than one year	91,266	115,096
Greater than one year	3,000	28,000
Total	**94,266**	**143,096**

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters used to address this risk.

The Council's approved Treasury Management and Investment Strategies address the main risks and the Treasury Management team address the operational risks within the approved parameters. These include:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities (principal amount) is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved maximum limits %	Approved minimum limits %	31 March 2021 £000	31 March 2020 £000
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
Total			**159,207**	**153,610**

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)	48,022	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	**1,482**	**1,344**

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 Financing and Investment 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
Allowance for Expected Credit Loss	(15,761)	(12,604)
	49,933	**49,635**
Capital Debtors	3,610	1,133
Payments In Advance	4,321	7,199
Transferred Services	32	32
Total	**57,896**	**57,999**

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
Total	**50,341**	**52,432**

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	(31,437)	(36,462)
Public Corporations and Trading Funds	0	1,501
Total	**(51,142)**	**(39,698)**
Capital Creditors	(1,146)	(1,443)
Deposits and Receipts in Advance	(16,086)	(13,965)
Short Term Accumulating Compensated Absences	(3,715)	(3,251)
Total	**(72,089)**	**(58,357)**

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
2020/21				
Pension Liability	30	(372,635)	0	(372,635)
PFI	28	(94,058)	(2,816)	(96,873)
Finance Leases	27	(2,595)	(5)	(2,600)
Rent Deposit on Leased Buildings		(33)	0	(33)
Total		**(469,320)**	**(2,821)**	**(472,141)**
2019/20				
Pension Liability	30	(278,987)	0	(278,987)
PFI	28	(96,873)	(2,691)	(99,564)
Finance Leases	27	(2,600)	(5)	(2,605)
Former Transferred Debt		(2,232)	0	(2,232)
Rent Deposit on Leased Buildings		(37)	0	(37)
Total		**(380,728)**	**(2,696)**	**(383,425)**

26. Provisions

Provision has been made in the Balance Sheet for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES.

	Business Rate Appeals £000	Insurance Fund £000	Other Provisions £000	Total £000
Balance at 1 April 2020	**(12,234)**	**(3,966)**	**(371)**	**(16,571)**
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**
Provision Balance at 31 March 2021	**(14,945)**	**(2,789)**	**(393)**	**(18,126)**
Long Term Provision	(14,945)	(2,789)	(393)	**(18,126)**
Short term Provision	0	0	0	**0**
Total	**(14,945)**	**(2,789)**	**(393)**	**(18,126)**

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)
Minimum lease payments	**(21,297)**	**(21,554)**

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)
	(21,297)	**(2,600)**	**(21,556)**	**(2,605)**

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
	5	**8**

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 Restated
Not later than one year	1,444	1,532
Later than one year and not later than five years	5,283	5,251
Later than five years	82,418	92,198
	89,145	**98,981**

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 (Pyramid Schools);
- Inspiredspaces Tameside (Project Co 1) Ltd;
- Inspiredspaces Tameside (Project Co 2) Ltd.

Hattersley Schools PFI Project (Pyramid Schools)

The Council entered into a 30 year PFI contract on 19 June 2002 to deliver new schools and facilities management services for Arundale Primary and Nursery School, Pinfold Primary School and Alder Community High School. Services commenced at the primary schools on 9 September 2002 and at the high school in April 2003.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £2.548m in 1 April 2001 prices. 44% of the unitary charge is subject to inflation at RPI which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has set up an interest bearing equalisation reserve effective for the period of the contract, to ensure that future estimated unitary charge payments are provided for over the remaining term of the contract. The affordability of future unitary charge payments will be assessed on an annual basis.

The Council does not hold an equity share in this contract.

Inspiredspaces Tameside (Project Co 1) Ltd – Mossley Hollins & St Damians PFI Contract

The Council entered into a 25 year Building Schools for the Future (BSF) PFI agreement to deliver new schools and facilities management services for Mossley Hollins and St Damians High Schools on 4 February 2009. Services commenced at Mossley Hollins in February 2011 and St Damians in April 2011.
The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £5.405m in 1 April 2008 prices. 40% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this contract.

Inspiredspaces Tameside (Project Co 2) Ltd – Five School PFI Contract

A second 25 year BSF PFI contract was signed in April 2010, to deliver new facilities and services for Hyde Community College, Thomas Ashton School, Denton Community College, White Bridge College and Elmbridge School. The first school, White Bridge College, was completed and services commenced in September 2011, with the remaining four being completed with services commencing in January 2012.

The Council pays an annual unitary charge for the provision of accommodation and facilities management at the schools of £9.409m in 1 April 2010 prices. 27% of the unitary charge is subject to inflation at RPIx which mirrors the proportion of cost base that is variable, i.e. operational costs, versus the proportion that is fixed, i.e. relating to funding / capital costs.

The Council has a 46% equity share in this contract.

Affordability

The affordability of the PFI contracts was tested on the basis of predetermined, sensitivities of projected budgets, inflation and interest rates as determined by HM Treasury, prior to the contracts being agreed by the Government.

The cost of the unitary charge is met by pre-agreed payments as follows:

- An annual PFI grant from the Government;
- Pre agreed capital contributions;
- Annual contributions from the schools from the Dedicated Schools Grant;
- Contributions from individual school budgets;
- Accumulation of interest, equity returns and directors fees.

However, there have been significant changes in the way that the Department for Education allocate revenue funding to schools in recent years, meaning that more and more funding is allocated to schools through a formula and there is less opportunity to provide support for individual schools. Inflation and interest rates have also been significantly different from that projected.

Details of movements in PFI assets in the accounting period are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Cost or Valuation				
1st April 2020	18,942	28,154	47,263	94,359
adjustment	0	0	0	0
Revised Opening	**18,942**	**28,154**	**47,263**	**94,359**
Additions	204	50	1,681	1,935
Revaluation losses	2,872	(2,617)	4,643	4,899
At 31 March 2021	**22,018**	**25,588**	**53,587**	**101,193**
Accumulated Depreciation and Impairment				
At 1st April 2020	0	0	(192)	(191)
Depreciation charge	(581)	(687)	(1,129)	(2,396)
Revaluation losses	581	687	1,320	2,588
At 31 March 2021	**0**	**0**	**(0)**	**(0)**
Net Book Value				
At 31 March 2021	22,018	25,588	53,587	**101,193**
Adjusted1 April 2020	18,942	28,155	47,071	**94,168**
At 31 March 2020	18,942	28,155	47,071	**94,168**

Details of the comparative movements in PFI assets are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Cost or Valuation				
1st April 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
At 31 March 2020	**18,942**	**28,154**	**47,263**	**94,359**
Accumulated Depreciation and Impairment				
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
At 31 March 2020	**387**	**482**	**1,503**	**2,372**
Net Book Value				
At 31 March 2020	18,942	28,155	47,071	**94,168**
Adjusted1 April 2019	20,112	24,606	38,850	**83,568**
At 31 March 2019	0	26,339	40,491	**66,830**

Details of movements in PFI liabilities in the accounting period are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Liability outstanding at 1 April 2020	(11,690)	(32,331)	(55,544)	(99,565)
Payments made During the year	335	836	1,520	2,691
Liability outstanding at 31 March 2021	**(11,355)**	**(31,495)**	**(54,024)**	**(96,874)**
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)
	(11,355)	**(31,495)**	**(54,024)**	**(96,874)**

Details of comparative movements in PFI liabilities are below:

	Pyramid Schools (Tameside) Limited £000	Inspiredspaces Tameside (Hold Co1) Limited £000	Inspiredspaces Tameside (Hold Co2) Limited £000	Total £000
Liability outstanding at 1 April 2019	(12,027)	(33,144)	(57,138)	(102,310)
Payments made During the year	337	814	1,594	2,745
Liability outstanding at 31 March 2020	**(11,690)**	**(32,331)**	**(55,544)**	**(99,565)**
Short term Finance Lease liability (2019-20)	(335)	(836)	(1,520)	(2,691)
Long term finance lease liability (Future Years)	(11,355)	(31,495)	(54,024)	(96,874)
	(11,690)	**(32,331)**	**(55,544)**	**(99,565)**

The fair value of the Council's PFI liabilities can be calculated based on the prevailing PWLB new loan rates, making this a level 2 fair value calculation. The following table shows the fair value of these liabilities:

	31 March 2021		31 March 2020	
	Carrying	Fair Value	Carrying	Fair Value
PFI Liabilities	96,874	170,343	99,565	172,593
Total PFI Liabilities	**96,874**	**170,343**	**99,565**	**172,593**

The table below summarises the estimated basic contract payment values for each PFI contract:

	Payments					Indexation	Contract Expiry
	Liability	Finance	Contingent	Service	Total		
Pyramid Schools (Tameside) Limited							
Payments within 1 year	349	1,218	507	1,710	3,784		
Payments within 2 to 5 years	2,675	4,349	2,622	5,865	15,512	RPI	2033
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		
	11,355	**9,410**	**9,089**	**18,708**	**48,563**		
Inspiredspaces Tameside							
Payments within 1 year	1,043	2,842	727	2,347	6,960		
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	RPIX	2036
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		
	31,495	**27,423**	**17,961**	**46,949**	**123,827**		
Inspiredspaces Tameside (ProjectCo2) Limited							
Payments within 1 year	1,423	5,366	692	3,599	11,079		
Payments within 2 to 5 years	8,808	19,739	3,602	13,263	45,412	RPIX	2038
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		
	54,024	**56,394**	**20,161**	**74,211**	**204,790**		

29. Pension Schemes Accounted for as Defined Contribution Schemes

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

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

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

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

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

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

Service cost comprising:

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

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

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

Re-measurement comprising:

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

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

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

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

Teachers' Pension Scheme

In 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 23.68%, which is unchanged from the previous year. Forecast contributions for 2021/22 are £9.239m based on a contribution rate 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. Contributions payable in 2021/22 are estimated to be £18.860m based on a contribution rate of 19.9%. 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
Service Cost		
- Current service costs	31,434	38,627
- Past service costs (including curtailments)	168	5,054
- Effect of settlements	(1,314)	0
Total Service Cost	30,288	43,681
Financing and Investment Income and Expenditure		
- Interest income on scheme assets	(20,219)	(23,572)
- Interest cost on defined benefit obligation	26,742	32,266
Total Net Interest	6,523	8,694
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	36,811	52,375
Remeasurements of the Net Defined Liability		
- Remeasurement recognised in Other Comprehensive Income and Expenditure relating to the prior year	(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)
Total Remeasurements Recognised in Other Comprehensive Income and Expenditure	**116,549**	**(112,644)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**153,360**	**(60,269)**
Movement in Reserves Statement		
- Adjustment to net charges made to the surplus or deficit on provision of services relating to the prior year'	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)
Net liability arising from Defined Benefit obligation	**(372,641)**	**(278,993)**

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
Remeasurement recognised in Other Comprehensive Income and Expenditure relating to the prior year	5,154	0
Opening fair value of scheme assets after adjustments	**895,049**	**992,523**
Interest income	20,219	23,572
Effect of settlements	(2,149)	0
Remeasurement gain	0	0
- Return on plan assets excluding amounts included in net interest	177,385	(101,271)
Employer Contributions	53,485	0
Benefits paid	(33,563)	(30,554)
Contributions from employees into the scheme	6,006	5,625
Closing fair value of scheme assets	**1,116,432**	**889,895**

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 net charges made to the surplus or deficit on provision of services relating to the prior year	3,268	0
Opening fair value of scheme liabilities after adjustments	**(1,165,620)**	**(1,337,666)**
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
Remeasurement gain	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
Closing fair value of scheme liabilities	**(1,489,074)**	**(1,168,888)**

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	%
Equity Securities:								
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%
Debt Securities:								
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%
Private Equity:								
All	0	66,449	66,449	6%	0	45,943	45,943	5%
Real Estate:								
UK Property	0	41,715	41,715	4%	0	37,496	37,496	4%
Investment funds and Unit Trusts:								
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%
Derivatives:								
Other	-896	0	-896	0%	0	0	0	0%
Cash and Cash Equivalents:								
All	22,188	0	22,188	2%	14,116	0	14,116	2%
Totals	**845,194**	**271,238**	**1,116,432**	**100%**	**684,427**	**205,468**	**889,895**	**100%**

The GMPF does not formally account for each employer's assets separately and therefore the Tameside share of the assets does not have any authority specific risks. Further information on the risks associated with the GMPF can be found in the Funding Strategy Statement on the GMPF website. The Tameside membership is not considered to have any particular demographic factors which expose the authority to specific risks.

b. Basis for Estimating Assets and Liabilities

The Council's liabilities in respect of the Greater Manchester Pension Fund have been assessed under IAS19 (Employee Benefits) by Hymans Robertson, an independent firm of actuaries, using the projected unit credit method. The liabilities have been estimated based on the results of the Fund's 31 March 2019 actuarial variation.

The significant assumptions used by the actuary in his assessment are as follows:

	2020/21	2019/20
Mortality assumptions *		
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 effieciency of the Fund.

The most recent actuarial valulation of the Greater Manchester Pension Fund (the Fund) was as at 31 March 2019. A copy of the valuation report can be found on the the GMPF website. The actuarial valuation at 31 March 2019 valued the Fund's assets at £23,844m, and liabilities at £23,314m, resulting in a small surplus of £529m. This funding level means that the Fund assets were sufficient to meet 102% of the liabilities (the present value of promised retirement benefits) accrued to 31 March 2019.

GMPF's funding target for most ongoing employers is a "funding level" of 100% at the end of an appropriate time horizon, calculated using the Actuary's ongoing funding basis. The funding level is the ratio of the value of assets compared to the present value of the expected cost of meeting the accrued benefits. Further information on target funding levels and calculation of contribution rates can be found in the Funding Strategy Statement 2020 on the GMPF website. As at the date of the most recent valuation, the duration of the Council's funded liabilities is 20 years.

The Council made an advance payment of employer pension contributions totalling £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	(16,534)	(10,668)
Increase/(Decrease) in Debtors	(2,388)	8,754
Pensions Liability	(30,584)	(32,241)
Contributions (to)/from Provisions	(4,682)	0
Revaluation Losses	(5,287)	(31,383)
Carrying value on disposal of non-current assets	(8,739)	(10,160)
Other non-cash adjustments	(5,398)	(16,425)
	(86,550)	**(103,747)**

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	15,429	15,870
	15,475	**25,662**

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)
	12,929	**6,301**

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	52,712	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)
Net cash flows from investing activities	**52,538**	**23,765**

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	2,821	2,696
Repayments of short term and long term borrowing	6,494	7,346
Billing Authority - Council Tax and NDR adjustments	1,501	(1,687)
Net cash flows from financing activities	**816**	**(21,645)**

33a. Reconciliation of liabilities arising from financing activities

	1 April 2020	Financing cash flows	Non-cash changes		31 March 2021
			Acquisition	Other non-cash changes	
	£000	£000	£000	£000	£000
Long-term borrowing	(141,735)	0	0	395	(141,340)
Short-term borrowings	(13,558)	(5,736)	0	(395)	(19,690)
Lease Liabilities	(2,600)	5	0	0	(2,595)
On balance sheet PFI liabilities	(96,873)	2,816	0	0	(94,058)
Total liabilities from financing activities	**(254,766)**	**(2,915)**	**0**	**0**	**(257,683)**

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
Total	**0**	**0**	**27**	**41**	**27**	**41**	**195**	**355**

36. Officer's Remuneration

The remuneration paid to the Council's Senior Officers is as follows:

	2020/21				
Post Holder Information	**Salary Entitle-ment Full Time** £	**Salary, Fees and Allow-ances Paid** £	**Compen-sation for Loss of Office** £	**Employ-er's Pensions Contrib-ution** £	**Total** £
Chief Executive - Steven Pleasant (i)	182,036	182,036	0	38,228	**220,264**
Director of Adults	102,446	102,446	0	21,514	**123,960**
Director of Children's Services	131,006	131,006	0	27,511	**158,517**
Director of Growth	104,805	104,805	0	22,009	**126,814**
Director of Operations and Neighbourhoods	101,556	101,556	0	21,327	**122,883**
Director of Governance & Pensions (Section 5 Monitoring Officer) (ii)	135,225	135,225	0	28,397	**163,622**
Director of Population Health (iii)	104,584	46,195	0	1,661	**47,856**
Director of Finance (Section 151 Officer) (iv)	8,552	8,552	0	0	**8,552**

(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. This payment covered basic pay, national insurance, pension contributions and allowances. 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).

	2019/20				
Post Holder Information	**Salary Entitle-ment Full Time**	**Salary, Fees and Allow-ances**	**Compen-sation for Loss of Office**	**Employ-er's Pensions Contrib-ution**	**Total**
	£	**£**	**£**	**£**	**£**
Chief Executive - Steven Pleasant (i)	177,164	177,164	0	37,204	**214,368**
Director of Adults	99,704	99,704	0	20,938	**120,642**
Director of Children's Services - Richard Hancock	127,500	127,500	0	26,775	**154,275**
Director of Growth	102,026	102,026	0	21,420	**123,446**
Director of Operations and Neighbourhoods	98,838	98,838	0	20,756	**119,594**
Director of Governance & Pensions (Borough Solicitor) - Sandra Stewart (ii)	131,606	131,606	0	27,637	**159,243**
Director of Population Health (iii)	0	0	0	0	**0**
Director of Finance (Section 151 Officer) (iv)	8,323	8,323	0	0	**8,323**

(i) The Chief Executive holds a joint role, also covering the role of Chief Accountable Officer for Tameside and Glossop Clinical Commissioning Group (CCG). The salary is paid in full by the Council and there is no recharge to the CCG.

(ii) The salary of the Director of Governance & Pensions is paid by the Council, however 50% on the salary and oncosts are recharged to Greater Manchester Pensions Fund (GMPF) for services to the Pension Fund. The salaries of the Chief Executive and the Director of Finance are paid by the Council and CCG respectively, but a contribution towards their cost is also recharged to GMPF as part of charges for central support costs and overheads incurred by the Council on behalf of GMPF. Further information is provided in Note 45 (Related Party Transactions).

(iii) The post of Director of Population Health has been vacant since 28 February 2018. The post has been filled via a secondment from Haringey Council since 31st July 2018, at a cost of £126,900 for the twelve months to 31 March 2020.

(iv) The role of Director of Finance (Section 151 Officer) is a joint post with the Tameside and Glossop CCG. The total cost paid by the CCG for the period 1st April 2019 to 31st March 2020 was £128,202 (Salary £112,084 and Pension Contributions £16,118). The Council paid an additional amount of £8,323 for the year.

The Single Leadership Team includes two further posts, both paid for in full by the CCG:

(v) The Director of Quality and Safeguarding salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2019 to 31st March 2020 was £109,038 (Salary £100,599 and Pension Contributions £8,439).

(vi) The Director of Commissioning salary is paid by the CCG. The total cost paid by the CCG for the period 1st April 2019 to 31st March 2020 was £126,005 (Salary £110,742 and Pension Contributions £15,263).

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
Total	**222**	**225**	**175**	**178**

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.

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
Total	**85**	**87**

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.

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 it's 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.

e) **Changes in Accounting Policy**

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively; and
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

f) **Previous Year Adjustments**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by way of a prior period adjustment and an appropriate disclosure in the notes to the accounts. A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

g) **Events after the Balance Sheet Date**

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly. However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

h) **Material Items**

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

i) **Contingent Assets and Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is possible but not certain that there will be an inflow of economic benefits or service potential that cannot be reliably measured.

2. CAPITAL ACCOUNTING

a) Recognition

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

Capital expenditure includes:

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

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

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

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

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

b) Measurement

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

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

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

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

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

- Surplus assets (non-operational property, plant and equipment) – fair value

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

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

c) Revaluation

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

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

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

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

d) Disposals

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

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

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

e) Heritage Assets

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

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

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

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

f) Investment Properties

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

g) Intangible Assets

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

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

h) Depreciation / Amortisation Methodology

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

- In accordance with the CIPFA Code of Practice on Local Authority Accounting, all buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property.
- Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur.
- Infrastructure is depreciated over a 40 year period.
- Vehicles, Plant, and Equipment is depreciated over 10 years or less depending on the nature of the asset.

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

i) Charges to revenue for non-current assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets throughout the year:

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

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

j) Revenue Expenditure Funded from Capital under Statute

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

k) Impairment of Non-current Assets

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

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

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

l) Capital Receipts

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

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

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

m) Redemption of Debt (Minimum Revenue Provision)

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

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

i) Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating 'MRP'. A total of £185,215,128 will be provided for in equal instalments over 50 years which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March

2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.

I ii) The following will be required in relation to borrowing taken up on or after 01/04/2015.

- For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by the this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
- For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.
- There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.
- The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

n) Capital Grants and Contributions

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

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

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

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

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

o) Capital Reserves

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as

a result of timing differences associated with recognition of capital expenditure and related financing).

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

p) Leases

In line with IFRIC 4, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

q) Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this include:
    - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
    - The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this include:
    - Fair value of the leased asset is assessed by a RICS qualified valuer.
    - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
    - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
    - The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

r) Defining an Operating Lease

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

s) Lessee Accounting for a Finance Lease

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

t) Lessor Accounting for a Finance Lease

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

u) Lessor Accounting for an Operating Lease

Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

v) Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs.

Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as general revenue government grants.

3. REVENUE ACCOUNTING

a) Recognition of Revenue Expenditure

The Council recognises revenue expenditure as expenditure which is not capital.

b) Employee Costs

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

<u>Short Term Employee Benefits</u>

- Salaries and Wages – The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the

amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.

- Leave Owed, Accumulating Absences – The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- Non-accumulating Absences – are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.
- Non-monetary Benefits – Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Pensions Costs

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

- The Teachers' Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions.

The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

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

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

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

Service cost comprising:

1. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
2. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
3. Net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

4. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
5. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

Pensions Reserve

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

Early Retirement, Discretionary Payments

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

c) Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

d) Revenue Recognition

Revenue from contracts with service recipients, whether for services of the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Where the Council is acting as Agent of another organisation, the amounts collected on behalf of that organisation are excluded from the Council's revenue.

e) Revenue Grants and Contributions

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

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

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

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

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

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

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

f) 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.

g) 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.

h) Council Tax and Business Rates Recognition

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

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

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for expected credit losses, overpayments and prepayments and appeals.

i) 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.

j) Provisions for expected credit losses

The Council maintains a provision for expected credit losses 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 expected credit losses are offset against the debtor amount shown as an asset, the movement in the provision is charged against Financing and Investment in the Comprehensive Income and Expenditure Statement.

4. TREASURY MANAGEMENT

a) Financial Instruments

Financial Assets

Financial Assets e.g. investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or both).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest but they are held to collect cash and sell the assets (e.g. money market funds). The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g. equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account. . An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised

cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan. In this scenario the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the

net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

b) **Cash and cash equivalents**

Cash equivalents are short term investments that are of a highly liquid nature. The Council has deemed that deposits held within money market funds are categorised as cash equivalents.

c) **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses. *The Council has identified Inspired Spaces Tameside as an associate but group accounts have not been prepared on the grounds of materiality. Information on financial transactions between the Council and this associate are disclosed as related party transactions.*

42. Accounting Policies Issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 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

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. In addition, the assets relating to PFI VA schools are recognised on the Council's balance sheet, together with the corresponding liablity (see note 28 for further details). The table below summarises the number of schools by type in Tameside, together with the value of land and buildings recognised on the balance sheet.

Type of School	Number	Number	Number	Total	Land on the Balance Sheet £000s	Buildings on the Balance Sheet £000s
Community	22	4	5	31	12,234	147,934
Voluntary Controlled (VC)	6	0	0	6	729	-
Voluntary Aided (VA)	19	2	0	21	2,857	10,489
Foundation	0	0	0	0	0	0
Foundation Trust	0	0	0	0	0	0
Maintained Schools	**47**	**6**	**5**	**58**	**15,820**	**158,423**
Free Schools	0	1	0	1	-	-
Academies	29	9	1	39	-	-
Total	**76**	**16**	**6**	**98**	**15,820**	**158,423**

Accounting for schools - Transfers to Academy status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Investment Properties

Investment Properties have been identified using criteria under 'the Code', and are those assets held solely for rental income or for capital appreciation, or both. The assessment of Investment Properties using these criteria is subject to interpretation.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In assessing leases the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Funding

There remains uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

44. Assumptions made about the future and other major sources of estimated uncertainty

Property, Plant and Equipment

An asset is depreciated over a useful life that is dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful life assigned to assets. If the useful life of an asset is reduced, the depreciation charge increases and the carrying amount of the asset falls.

An important estimation contained in the accounts is that of the useful economic life of non-current assets (or useful remaining economic life where assets are revalued). This is important as it determines the depreciation charge posted to the Comprehensive Income and Expenditure Statement.

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

Asset Category	Useful Economic Life
Buildings	2-70 years
Infrastructure assets (such as roads)	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. The total value of assets subject to revaluation at 31 March 2021 was £283.828m. A 1% change in the value of these assets would result in a £2.838m change in the balance sheet value.

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. The depreciation charge in the 2020/21 financial year was £13.076m. An increase of one to all useful economic lives would reduce this depreciation charge by £0.884m, and a reduction of one to all useful economic lives would increase the depreciation charge by £1.188m.

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. The provision for losses against the 2017 list is calculated based on average losses of 4.77% on the 2010 list. If the provision calculation assumed losses of 0.5% more or less than this, the gross provision (before utilisation) would be £1.445m more or less than the amount reflected on the balance sheet at 31 March 2021.

Debt Impairment

All debts due to the Council are regarded as collectible, unless firm evidence transpires that they are uncollectible and so are 'bad' debts. However, some debts which are proving difficult to collect may be properly termed 'doubtful'. The Council has included an impairment allowance for doubtful debts in the accounts based on a review of the Council's significant short term debtor balances. In the current economic climate it is not certain that the impairment allowance for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required. A 5% increase or decrease in the impairment allowance would result in a £0.788m change to the debtors balance at 31 March 2021.

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. The future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract. Further information on PFI liabilities is included in note 28.

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 including sensitivity analysis 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.

As at 31 March 2021 the Council's valuers advised an increase of £1.800m in the fair value of the shares held by Tameside Council from £30.200m to £32.000m which has been reflected in the financial statements.

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)

Active Tameside (Tameside Sport 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.

Ashton Pioneer Homes – Payments were made by the Council to Ashton Pioneer Homes during the year in respect of supported accommodation and homelessness.

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.

Other Public Bodies

The Council pays the following levies:

Levying Body	2020/21 £000	2019/20 £000
Greater Manchester Combined Authority - Waste Disposal	13,357	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
Balance B/fwd owed from/(to) the Pension Fund at 1st April	(2,367)	2,218
Cost incurred of behalf of Pension Fund	8,107	5,676
VAT Refund obtained from HMRC	(3,930)	(5,535)
Due to Tameside MBC from the Pension Fund	**1,810**	**2,359**
Reimbursements by the Pension Fund to TMBC	(1,416)	(4,726)
Owed from/(to) the Pension Fund by TMBC at 31st March	**393**	**(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 2020/21 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	• Joint role as Chief Accountable Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36. • Director of the Manchester Institute of Health and Performance • Director of Airport City (General Partner) representing Greater Manchester Pension Fund • Stamford Park Trust Trustee • Associate Governor at Broadbottom C of E Primary School
Director of Finance	• Joint role as the Chief Finance Officer of NHS Tameside and Glossop CCG. Salary information is disclosed in note 36.
Director of Governance and Pensions	• Director of Greater Manchester Pension Fund • Director of Northern Pool General Partner (Number 1) Ltd representing Greater Manchester Pension Fund
Director of Growth	• Director of Inspired Spaces Tameside Ltd • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd
Assistant Director of Finance	• Director of Inspired Spaces Tameside Ltd • Director of Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd • Director of Inspired Spaces Tameside (Holdings 1) Ltd and Inspired Spaces Tameside (Holdings 2) Ltd
Assistant Director, Digital Tameside	• Director of Co-operative Network Infrastructure

Inspired Spaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd, as well as Co-Operative Network Infrastructure, have been identified as related parties and further information on transactions and balances is set out below.

Entities Controlled or Significantly Influenced by the Council

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. A group structure may exist where the Council has a controlling (or significant ability to influence) another entity. A group structure would necessitate the preparation of group accounts. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

The Council's group boundaries have been assessed using the criteria outlined in 'the Code'. It was determined that the Council has a significant influence over Inspiredspaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd and Inspired Spaces Tameside (Project Co 2) Ltd. However, on the basis of materiality the Council has determined that the preparation of group accounts is not required because groups accounts would not be materially different to the single entity accounts.

Transactions and balances with Inspiredspaces Tameside Ltd, Inspired Spaces Tameside (Project Co 1) Ltd, Inspired Spaces Tameside (Project Co 2) Ltd and Co-operative Network Infrastructure were as follows:

Related Party	2020/21				2019/20			
	Receipts £000	Payments £000	Creditors £000	Debtors £000	Receipts £000	Payments £000	Creditors £000	Debtors £000
Co-operative Network Infrastructure	(73)	33	-	(2)	-	-	27	(32)
Inspired SpacesTameside 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
Balance Brought Forward	**(3,728)**	**(40)**	**(369)**	**(421)**	**(1,136)**	**(1,061)**	**(334)**	**(377)**
Contributions	0	(119)	(244)	(360)	(1,060)	(500)	(721)	(545)
Interest earned on Balances	(4)	0	0	0	(1)	0	0	0
Total Income	**(4)**	**(119)**	**(244)**	**(360)**	**(1,061)**	**(500)**	**(721)**	**(545)**
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
Total Expenditure	**31**	**112**	**313**	**279**	**914**	**329**	**349**	**516**
Balance Carried Forward	**(3,701)**	**(47)**	**(300)**	**(501)**	**(1,283)**	**(1,232)**	**(706)**	**(406)**

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

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
Expenditure:			
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
	168	**72**	**240**
Income:			
Building Regulation Charges	(128)	0	(128)
Miscellaneous Income	0	0	0
	(128)	**0**	**(128)**
(Surplus)/Deficit for year	**40**	**72**	**112**

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
Total	**205,279**	**450,608**	**655,887**

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
Total	**205,177**	**450,608**	**655,785**

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.

Collection Fund 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
Income						
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)**
Total Income	**(117,958)**	**(27,386)**	**(143,212)**	**(112,090)**	**(56,957)**	**(169,047)**
Expenditure						
Council Tax						
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**
NDR						
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**
Surplus/deficit (allocated)/paid out in year:						
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**
Total Expenditure	**122,695**	**56,927**	**179,622**	**122,453**	**58,789**	**181,241**
(Surplus)/deficit for the year	**4,737**	**29,540**	**34,277**	**10,363**	**1,831**	**12,195**
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**
Balance carried forward	**(1,903)**	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**
Share of (surplus)/deficit						
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)**
	(1,903)	**32,029**	**30,126**	**(6,640)**	**2,489**	**(4,151)**

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	59	5/9	33	0	0	0	0
Band A	52,600	36,097	6/9	24,065	1,019	139	61	1,218
Band B	19,062	15,974	7/9	12,425	1,188	162	71	1,421
Band C	19,549	17,361	8/9	15,432	1,358	185	81	1,624
Band D	6,804	6,377	9/9	6,377	1,528	208	91	1,827
Band E	3,757	3,536	11/9	4,322	1,867	255	111	2,233
Band F	917	865	13/9	1,250	2,207	301	131	2,639
Band G	423	395	15/9	658	2,547	347	152	3,045
Band H	42	20	18/9	40	3,056	417	182	3,654
Total	103,154	80,684		64,600				
Less Allowance for Losses on Collection				(2,293.1)				
MOD Properties				0				
Total Tameside Tax Base 2020/21				62,306.8				

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	2,095	6/9	1,397	1,019	6	139	61	1,224
Band B	892	781	7/9	607	1,188	7	162	71	1,428
Band C	1,009	920	8/9	818	1,358	8	185	81	1,632
Band D	400	423	9/9	423	1,528	9	208	91	1,836
Band E	182	178	11/9	218	1,867	11	255	111	2,244
Band F	49	50	13/9	72	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
Total	5,366	4,466		3,563					
Less Allowance for Losses on Collection				(174.6)					
MOD Properties				0					
Total Mossley Parish Tax Base 2020/21				3,388.7					

3. Non-Domestic Rates (NDR)

The Council collects NDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform Business Rate set nationally by Central Government.

For 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 collectible 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).

Greater Manchester 100% Business Rates Retention Pilot

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

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

As a result of the Pilot, the Council has not received Revenue Support Grant or Public Health Grant from Government since 2017/18. Instead the Council retains 99% of its Non Domestic (Business) Rates income with 1% distributed to GMFRA. The current pilot arrangements run until the end of 2020/21.

Glossary of Financial Terms

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses
Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because:

- events have not coincided with the actuarial assumptions made for the last valuation;
- the actuarial assumptions have changed.

Agency Services
These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Associate Companies
This is an entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over whose operating and financial policies the reporting Authority is able to exercise significant influence.

Association of Greater Manchester Authorities (AGMA)
AGMA represents the ten local authorities in Greater Manchester and works in partnership with Central Government, regional bodies and other Greater Manchester public sector bodies.

Appointed Auditors
From 1 April 2015 the appointment of External Auditors to Local Authorities has been undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission.

Asset
Items of worth that are measurable in terms of value. Currents assets may change daily, but the Council is expected to yield the benefit within the one financial year (e.g. short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. land).

Balances
The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Better Care Fund (BCF)
The BCF was announced by Government in the June 2013 spending round to ensure a transformation in health and social care.

Billing Authority
An authority which collects Council Tax, Business Rates and precepts on behalf of itself and other bodies.

Capital Expenditure
This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Costs
This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital Finance Requirement (CFR)
Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the Council to borrow for expenditure of a capital nature.

Capital Receipts
Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure.

Carrying Amount
The Balance Sheet value recorded of either an asset or liability.

Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial institutions payable without penalty on notice of not more than 24 hours. Cash equivalents are investments which are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

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

Community Assets
Non-current assets that an authority intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingency
This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent Liabilities or Assets
These are amounts potentially due to or from individuals or organisations, which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Corporate 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.

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.

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.

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.

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.

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.

Greater Manchester Pension Fund

Statement of Accounts

2020/21

DRAFT UNAUDITED

(Full Report)

September 2021

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.

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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Fund Account for the year ended 31 March 2021			
31 March 2020 £000		**Note**	**31 March 2021 £000**
	Contributions and benefits		
(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
264,628	**Net (additions) / withdrawals from dealings with members**		(70,379)
34,734	Management expenses	8	39,702
299,362	**Net (additions) / withdrawals including management expenses**		**(30,677)**
	Returns on investments		
(523,587)	Investment income	9	(472,608)
2,029,030	(Increase) / decrease in fair value of investments	11a	(4,359,857)
3,973	Taxation	10	2,718
56	Loss on foreign currency		5,204
1,509,472	**Net (increase) / decrease in investments**		**(4,824,543)**
1,808,834	**Net (increase)/decrease in the Fund during the year**		**(4,855,220)**
(23,843,623)	Net assets of the Fund at start of year		(22,034,789)
(22,034,789)	**Net assets of the Fund at end of year**		**(26,890,009)**

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	11c	1,458,153
416,356	Overseas index linked government bonds		273,032
835,885	Investment property	11d	870,516
13,975	Derivative contracts	11e	356
10,783,943	Pooled investment vehicles	11f	12,020,434
484,347	Cash and deposits	11g	663,516
186,718	Other investment assets	11h	221,170
21,984,051	**Investment assets**		**26,969,495**
(1,354)	Derivative contract liabilities	11e	(8,099)
(6,219)	Other investment liabilities	11h	(120,098)
(7,573)	**Investment liabilities**		**(128,197)**
78,517	Current assets	11h	74,694
(20,206)	Current liabilities	11h	(25,983)
58,311	**Net current assets**		**48,711**
22,034,789	**Net assets of Fund**		**26,890,009**

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:

31 March 2020		**31 March 2021**
112,274	Contributors	112,593
132,068	Pensioners	135,268
140,153	Deferred Members *	142,791
384,495	**Total Membership**	**390,652**
597	**Employers with Contributing Members**	**591**

* 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 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 or fair value through other comprehensive income. Financial assets are classified dependent on the reason for holding the assets. Amortised cost assets are those held to generate cash flows and the amounts received are solely principal and interest. Fair value assets through profit and loss or other comprehensive income, are assets which fail the amortised cost categorisation tests, where they are held for trading purposes and/or the amounts received relate to more than solely principal and interest (e.g. equity instruments). Financial liabilities are classified as amortised cost except in certain circumstances where they are classified as at fair value.

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 2021.

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 investment assets are valued at their fair value as at 31 March 2021 are determined as follows:

At 31 March 2021	Valuation basis / technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. If there are minor variations in the price dependent upon the pricing feed used, the Custodian's valuation will take precedence.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value have been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2020, subsequently adjusted for transactions undertaken between 1 January 2021 and 31 March 2021. Valuations have been prepared 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. All cash is recorded at book value unless there is knowledge of any impairment.

At 31 March 2021	Valuation basis / technique	Main assumptions
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities. The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.
Private equity, infrastructure and special opportunities portfolios	The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant fund manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, 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.	In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis.

Financial instruments at fair value through the profit and loss:

Financial assets and liabilities are stated at fair value as per the Net Assets Statement, which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are classified as at fair value through the profit and loss are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

Financial instruments at amortised cost:

Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as at amortised cost.

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 160. 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, three 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 11i 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. All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities. The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.

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.

	At 31 March 2021		
	Fair value through profit and loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial assets:			
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	12,020,434	0	0
Cash	0	663,516	0
Other investment assets	0	221,170	0
Current assets	0	74,694	0
	25,214,293	959,380	0
Financial liabilities:			
Derivatives	0	0	(8,099)
Other investment liabilities	0	0	(120,098)
Current liabilities	0	0	(25,983)
	0	0	(154,180)
Total	**25,214,293**	**959,380**	**(154,180)**

	At 31 March 2020		
	Fair value through profit and loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial assets:			
Equities	7,829,132	0	0
Bonds	1,433,695	0	0
Index linked	416,356	0	0
Derivatives	13,975	0	0
Pooled investment vehicles	10,783,943	0	0
Cash	0	484,347	0
Other investment assets	0	186,718	0
Current assets	0	78,517	0
	20,477,101	749,582	0
Financial liabilities:			
Derivatives	0	0	(1,354)
Other investment liabilities	0	0	(6,219)
Current liabilities	0	0	(20,206)
	0	0	(27,779)
Total	**20,477,101**	**749,582**	**(27,779)**

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
Financial assets:				
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	6,275,383	5,745,051	12,020,434
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	870,516	870,516
Total	**11,462,318**	**8,006,924**	**6,615,567**	**26,084,809**

	At 31 March 2020			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets:				
Equities	7,829,132	0	0	7,829,132
Fixed interest	0	1,433,695	0	1,433,695
Index linked	0	416,356	0	416,356
Derivatives	0	13,975	0	13,975
Pooled investment vehicles	0	5,997,916	4,786,027	10,783,943
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	835,885	835,885
Total	**7,829,132**	**7,861,942**	**5,621,912**	**21,312,986**

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)
	Total gains/losses included in the Fund account:	
173,172	- on assets sold	225,268
(54,498)	- on assets held at year end	(3,045)
5,621,912	**Closing balance**	**6,615,567**

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 three years in line with triennial valuations being carried out. A full review was completed by 31 January 2020.

GMPF's approach to investment risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).
The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.
This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.
GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

	Potential Market Movements (+/-)	
Asset type	**31 March 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%
GMPF	15.2%	9.3%

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2020 and 2021. The calibration of the model is based on a combination of historical data, economic theory and expert opinion. This model includes the impact of potential changes in UK interest rates and foreign exchange rates to fixed income assets allowing for correlation impacts.

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	8,849,603	17.4%	10,389,434	7,309,772
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	2,023,065	14.2%	2,310,340	1,735,790
Private equity	2,964,840	28.5%	3,809,819	2,119,861
Infrastructure	1,627,661	15.3%	1,876,693	1,378,629
Cash and other liquid funds	995,133	0.3%	998,118	992,148
GMPF	**26,969,495**	**9.3%**	**29,477,658**	**24,461,332**

Asset type	31 March 2020 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	2,898,333	27.5%	3,695,375	2,101,291
Overseas equities	6,906,510	28.0%	8,840,333	4,972,687
Fixed interest bonds	950,169	7.6%	1,022,382	877,956
Index linked bonds	1,323,200	7.4%	1,421,117	1,225,283
Corporate bonds	1,958,368	9.8%	2,150,288	1,766,448
High yield debt	1,255,301	8.7%	1,364,512	1,146,090
Investment property	1,864,851	14.2%	2,129,660	1,600,042
Private equity	2,364,324	28.4%	3,035,792	1,692,856
Infrastructure	1,392,737	15.6%	1,610,004	1,175,470
Cash and other liquid funds	1,070,258	0.3%	1,073,469	1,067,047
GMPF	**21,984,051**	**15.2%**	**25,325,627**	**18,642,475**

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 Metropolitan Borough Council'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:

Summary	Rating	Balance at 31 March 2020 £000	Balance at 31 March 2021 £000
Money market Funds			
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
Banks			
Bank of Scotland	A+	30,000	20,000
Close Brothers	A+	10,000	0
Barclays	A+	50,000	50,000
Local authorities & public bodies			
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
Total		**391,100**	**506,700**

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, except for 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	20,218,929
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	6,685,566
21,984,051	**Total**	**26,969,495**

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)
(612,230)	**Total**	**(912,948)**

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)
(612,230)	**Total**	**(912,948)**

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 at 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
860,201	**Total**	**882,095**

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
860,201	**Total**	**882,095**

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 benefits payable 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
42,351	**Total**	**33,147**

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	20,269
253	Custody fees	403
27,003	**Total**	**30,775**

* 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
6,264	**Total**	**7,385**

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	151
504	Actuarial fees	345
1,467	**Total**	**1,542**

* Total external auditors fee in 2020/21 is £73,383 (2019/20 73,743) of which £30,000 (2019/20 £30,360) was 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
Set up costs:				
Legal	0	0	0	71
Procurement	0	0	0	30
Other costs	93	0	93	239
Total set up costs	**93**	**0**	**93**	**340**

	At 31 March 2020			
	Direct £000	Indirect £000	Total in year £000	Cumulative £000
Set up costs:				
Legal	6	0	6	71
Procurement	0	0	0	30
Other costs	64	0	64	146
Total set up costs	**70**	**0**	**70**	**247**

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)
(523,587)	**Total**	**(472,608)**

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.

11a. 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	315,434	
Unrealised (profits) at 31 March 2021	(3,223,533)	(2,908,099)
Realised losses 1 April 2020 to 31 March 2021	528,944	
Realised (profits)1 April 2020 to 31 March 2021	(1,207,553)	(678,609)
Less:		
Unrealised (profits) at 31 March 2020	1,251,107	
Unrealised losses at 31 March 2020	(2,024,256)	(773,149)
Reduction/(Increase) in fair value of investments year ending 31 March 2021		**(4,359,857)**

	£000	31 March 2020 £000
Unrealised losses at 31 March 2020	2,024,256	
Unrealised (profits) at 31 March 2020	(1,251,107)	773,149
Realised losses 1 April 2019 to 31 March 2020	198,425	
Realised (profits)1 April 2019 to 31 March 2020	(1,131,730)	(933,305)
Less:		
Unrealised (profits) at 31 March 2019	2,346,455	
Unrealised losses at 31 March 2019	(157,270)	2,189,185
Reduction/(Increase) in fair value of investments year ending 31 March 2020		**2,029,030**

11b. Reconciliation of movement in financial assets

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
	Financial assets at fair value through profit and loss				
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)	(16,207)	870,516
12,621	Net derivatives	109,089	(137,927)	8,474	(7,743)
10,783,942	Managed and unitised funds	1,705,753	(1,763,708)	1,294,447	12,020,434
21,311,631		6,501,284	(6,096,062)	4,359,857	26,076,710
	Financial assets and liabilities at amortised cost				
484,347	Cash				663,516
186,718	Other investment assets				221,170
78,517	Net current assets				74,694
(6,219)	Other investment liabilities				(120,098)
(20,206)	Net current liabilities				(25,983)
22,034,788	**Total**				**26,890,009**

Value at 31 March 2019 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2020 £000
	Financial assets at fair value through profit and loss				
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	Net 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
	Financial assets and liabilities at amortised cost				
755,437	Cash				484,347
212,544	Other investment assets				186,718
73,556	Net current assets				78,517
(73,279)	Other investment liabilities				(6,219)
(22,596)	Net current liabilities				(20,206)
23,843,623	**Total**				**22,034,788**

11c. 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
1,433,695	**Total**	**1,458,153**

11d. Investment property

31 March 2020 £000		31 March 2021 £000
671,430	UK - Main investment property portfolio	705,385
164,455	UK - Greater Manchester Property Venture Fund	165,131
835,885		**870,516**

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).

GMPF 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:

Movement in the fair value of investment properties in 2020/21	£000
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	(16,207)
Balance at 31 March 2021 *	**870,516**

* Three properties were either being prepared for sale, marketed or prices had been agreed at 31 March 2021

Movement in the fair value of investment properties in 2019/20	£000
Balance at 1 April 2019	881,991
Purchases	32,809
Expenditure during year	42,892
Disposals	(40,166)
Net gains/ (losses) from fair value adjustments	(81,641)
Balance at 31 March 2020 *	**835,885**

* No properties were being marketed at 31 March 2020

Future operating lease rentals receivable

31 March 2020 £000		31 March 2021 £000
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
354,526	**Total**	**455,918**

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.

11e. Derivatives

31 March 2020 £000		31 March 2021 £000
	Investment assets:	
4,878	Forward currency contracts	356
14,041	Financial futures	332
18,919		688
	Investment liabilities:	
(6,232)	Forward currency contracts	0
(66)	Financial futures	(8,431)
12,621	**Net (liability)/asset**	**(7,743)**

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
Total						**356**	**0**

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)
Total			**(699,327)**	**(8,099)**

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.

11f. Pooled investment vehicles

Pooled investment vehicles aggregate capital from multiple investors to pursue specified investment strategies. The table below analyses, by type and underlying asset class, funds in which GMPF invests.

31 March 2020 £000		31 March 2021 £000
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 *	1,217,415
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
5,749,705	**Managed funds**	**6,701,622**
466,833	Property	684,526
466,833	**Unit trusts**	**684,526**
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
4,567,405	**Insurance policies**	**4,634,286**
10,783,943	**Total pooled investment vehicles**	**12,020,434**

* includes £593,768,000 GLIL investment via the Northern LGPS Pool vehicle (2020 £476,208,000)
** includes £181,647,000 NPEP investment via the Northern LGPS Pool vehicle (2020 £57,014,000)

11g. Cash

31 March 2020 £000		31 March 2021 £000
390,684	Sterling	535,156
93,663	Foreign currency	128,360
484,347	**Total**	**663,516**

11h. Other investments balances and net assets

31 March 2020 £000		31 March 2021 £000
6,156	Amounts due from broker	9,418
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	1,600
186,718	**Other investment assets**	**221,170**
(4,454)	Amounts due to broker	(118,333)
(1,765)	Irrecoverable withholding tax	(1,765)
(6,219)	**Other investment liabilities**	**(120,098)**
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)
58,311	**Net current assets**	**48,711**
238,810	**Other investment balances and net assets**	**149,783**

11i. 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
	Private market and alternative investments	
64,237	- performance related	89,516
66,948	- non-performance related	66,417
	Pooled Investments	
37	- performance related	4,669
4,843	- non-performance related	10,580
	Indirect investment property	
12,502	- performance related	10,078
25,544	- non-performance related	20,098
174,111	**Total**	**201,358**

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
0	UK equities	21,543
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
945,281	**Total**	**969,989**

14. Summary of managers' portfolio values at 31 March

2020			2021	
£m	%		£m	%
		Externally managed		
7,119	32.3%	UBS Global Asset Management	9,064	33.7%
4,520	20.5%	Legal & General	4,585	17.1%
1,912	8.7%	Sci Beta	2,659	9.9%
1,430	6.5%	Investec	1,912	7.1%
1,058	4.8%	Stone Harbor	1,242	4.6%
880	4.0%	LaSalle	705	2.6%
164	0.7%	Avison Young (advisory mandate)	165	0.6%
17,083	77.5%		20,332	75.6%
		Internally managed		
3,615	16.4%	Private equity	4,427	16.5%
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	780	2.90%
4,951	22.5%		6,558	24.4%
22,034	**100.0%**	**Total**	**26,890**	**100.0%**

15. Concentration of investment

As at 31 March 2021, GMPF held, respectively, 13.56% and 0.004% 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	250,144
413,617	UK corporate bonds	499,800
219,088	Overseas fixed interest	254,594
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
3,323,416	**Total**	**3,647,023**

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
305,067	**Total**	**1,143**

16. Notifiable interests

As at 31 March 2021 and 31 March 2020, 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	Volution 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 regarding 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
3,384,778	**Total**		**3,534,373**

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 and Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above. They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link: http://www.tameside.gov.uk/constitution/part6

Other key management personnel full time and total remuneration, including employer's pension contributions, are as shown below:

Assistant Director of:	Salary entitlement (Full time equivalent)	Salary, fees & allowances (Paid in year)	Employers pensions contributions (Paid in year)	Total (Paid in year)
	£	£	£	£
Pensions (Special Projects)	94,859	48,308	10,145	**58,453**
Pensions (Investments)	94,859	94,859	19,920	**114,779**
Pensions (Funding & Business Development)	94,859	94,859	19,920	**114,779**
Pensions (Local Investments & Property)	94,859	94,859	19,920	**114,779**
Pensions (Administration)	83,736	83,736	17,585	**101,321**

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).

A number of officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets and other assets which GMPF has a joint interest with other LGPS funds. These are:

Name	Position in GMPF 2020/21	Company in which directorship is held	Company Registration Number
Steven Pleasant	Chief Executive	Airport City (General Partner) Ltd	08723477
Sandra Stewart	Director of Governance & Pensions	Northern Pool GP (No1) Ltd	11360203
Neil Charnock	Head of Pension Fund Legal	Hive Bethnal Green Ltd	09362438
Patrick Dowdall	Assistant Director of Pensions (Local Investments & Property)	Matrix Homes (General Partner) Ltd 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

The above receive no remuneration for these directorships.

Name	Position in GMPF 2020/21	Company in which directorship is held	Company Registration Number
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 consequently have benefits on hold during 2020/21:

Name	Position
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:

Name	Position
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

The following member of the Management and Advisory Panels and the Local Board has benefits on hold by virtue of his membership of GMPF in current or previous employments:

Name	Position
Cllr C Patrick	Councillor member

The following members of the Management and Advisory Panels and the Local Board, by virtue of their membership of GMPF in previous employments, are in receipt of pension benefits:

Name	Position
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:

Name	Position & Organisation	Organisation relationship with GMPF
Cllr B Warrington	Member of Greater Manchester Combined Authority	Contributing employer
Cllr G Cooney	Employee of Manchester City Council	Contributing employer
	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
Cllr G Newton	Employee of SUEZ Recycling & Recovery UK Ltd (Reg No 002291198)	Contributing employer

Name	Position & Organisation	Organisation relationship with GMPF
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 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 contributions in 2020/21 (total £217 million) to make efficient use of their cash balances.

Contributions from Employers 2020 £m	Contributions from Employees 2020 £m	Benefits Paid 2020 £m		Contributions from Employers 2021 £m	Contributions from Employees 2021 £m	Benefits Paid 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
(459)	**(152)**	**860**	**Total**	**(755)**	**(158)**	**882**

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2020/21 which is available at www.gmpf.org.uk.

21. Investment Strategy Statement and Funding Strategy Statement

GMPF has published an Investment Strategy Statement and a Funding Strategy Statement. Both documents can be found on its website www.gmpf.org.uk.

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2019. A copy of the valuation report can be found on the GMPF website
https://www.gmpf.org.uk/about/policies-reports-and-statements

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:

	31 March 2019	
Financial Assumptions	**% p.a. Nominal**	**% p.a. Real**
Discount rate	3.60%	1.30%
Pay increases	3.10%	0.80%
Price inflation / Pension increases	2.30%	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	
Fair value as at 31 March 2021		**£0**
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			31 March 2021	
Approximate % increase to promised retirement benefits	**Approximate monetary amount (£m)**	**Change in assumptions at year ended 31 March**	**Approximate % increase to promised retirement benefits**	**Approximate monetary amount (£m)**
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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Report To:	**AUDIT PANEL**
Date:	9 November 2021
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**ANNUAL GOVERNANCE STATEMENT 2020/21**
Report Summary:	To present the Annual Governance Statement for 202/21 to Members for approval at **Appendix 1**.
Recommendations:	That Members approve the Annual Governance Statement for 2020/21 at **Appendix 1** ahead of it being signed by the Executive Leader and the Chief Executive.
Links to Corporate Plan:	Demonstrates proper Corporate Governance.
Policy Implications:	Demonstrates proper compliance with the Accounts and Audit Regulations 2015 (as amended).
Financial Implications: (Authorised by the Borough Treasurer)	Sound corporate governance and proper systems of internal control are essential for the long-term financial health and reputation of the Council.
Legal Implications: (Authorised by the Borough Solicitor)	The production of the Annual Governance Statement is a statutory requirement as set out in Accounts and Audit Regulations 2015 (as amended). The statement is an open and honest assessment of the running of the council in accordance with the law relevant guidance to test that there is appropriate governance in place to ensure that public money is correctly accounted for, safeguarded and is being used effectively, efficiently and economically for the delivery of serviced to Tameside.
Risk Management:	The statement provides assurance that the Council has a sound system of corporate governance in place. It is considered to be an important public expression of how the Council directs and controls its functions and relates to its community.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by: Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1 INTRODUCTION

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

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

2 ANNUAL GOVERNANCE STATEMENT

2.1 The preparation and publication of an Annual Governance Statement is necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015 (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".

2.2 The Annual Governance Statement is based on: -

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

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

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

2.5 The Draft Annual Governance Statement 2020/21 was presented to the Single Leadership Team for challenge and comment on 13 July 2021 and then presented to the Audit Panel on 27 July 2021. Consultation with members was conducted via email over the summer and the deadline for responses was 3 September 2021.

2.6 The Draft Annual Governance Statement together with the Draft Statement of Accounts was published on the Council's website on 30 July 2021.

2.7 External Audit (Mazars) have reviewed the Annual Governance Statement 2020/21 as part of their audit.

2.8 All comments received to date have been incorporated into the version which is attached at **Appendix 1** for approval.

2.9 A progress updated has been added to the Improvement Plan at Section 5 of the Annual Governance Statement to provide members of the Audit Panel with the position as at October 2021.

3 RECOMMENDATIONS

3.1 As set out on the front of the report.

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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.

Annual Governance Statement 2020/21

1. Scope of Responsibility

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

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

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

The Council, in accordance with the Local Government Pension Scheme (LGPS) Regulations, which are written by the Department for Levelling Up, Housing and Communities (DLUHC) formerly Ministry for Housing, Communities and Local Government (MHCLG) 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 in consultation with the Pension Fund Advisory Panel and supported by 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 representative of 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 officers by the Monitoring Officer and checks are made in relation to officers annually by the S151 Officer before publishing the draft accounts.

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. T he 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 business plans, 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 £53bn, 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 foot-printing exercise found that as at 31 March 2021, the active equity holdings were 20% 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 response 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 established 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:

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Councillor Brenda Warrington
Executive Leader of Tameside MBC

Dated:

Signed:

……

Steven Pleasant MBE
Chief Executive of Tameside MBC

Dated:

Annual Governance Statement 2020/21 – Improvement Plan

Appendix A

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	Progress Reported As At October 2021
1	2019/20 Vision Tameside	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 Place** **March 2022**	The Ashton Town Hall project and the remaining elements of the Vision Tameside project are on hold until funding becomes available.
2	Children's Services	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 this and will be presented to Executive Cabinet in June	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 Transformation/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	The action plan has been progressed and the staffing capacity identified as urgent following the OFSTED focused visit has been delivered. The overarching improvement plan, which pulls together all the previous plans including the 7 point plan into one place, has been developed. The focus for the Transformation Team has been identified, a number of the actions identified will be delivered in 2021/22, this addresses the wider

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	Progress Reported As At October 2021
			Corporate support is being harnessed through a Transformation/Budget Turnaround Team.	improvement action plan with completion dates in 2021. **Director of Children's Services** **December 2021**	improvement activity needed not only in Children's Social Care but also across the Council to support improvements for Children. The service is also working with the DfE and Stockport via a successful bid to the SLIP programme to further develop our Quality Assurance.
3	Management of CCTV	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.	The replacement of CCTV cameras has been put on hold until funding becomes available.
4	Estates Management	The ongoing structure changes will be implemented by October 2020. The Strategic Asset Management Plan (SAMP), Disposal Policy, Surplus Property and Freehold Reversions Policy to be considered by Cabinet in July and August 2020.	WorkSmart project now includes an external consultant, who is due to report in September 2021. 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.	Improvement Complete.	Improvement Complete Sufficient work is now ongoing to remove this action from the Improvement Plan.

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	Progress Reported As At October 2021
		Service and occupational building needs to be reviewed by Oct 2020. Asset Review work to be commissioned Sept 2020.			
5	ICT Disaster Recovery and Business Continuity Planning	During 20/21, the Council will for the first time have key systems hosted in a Disaster Recovery facility. The implementation of a new backup and recovery system, which will include off site tape storage and the adoption of the new Cyber Security Strategy with associated action plan means the Council is best placed to deal with physical disasters as well as Cyber incidents.	The new Data Centre at Ashton Old Baths has now been handed over and enabling works including fibre re-routing works are underway as pre-requisites' to the commissioning works. 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. 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	Services to review and agree their system recovery priorities in conjunction with the IT Service. 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. **Director of Finance** **March 2022**	All Council hosted IT systems have now been moved out of the Rochdale Data Centre and are now located in the Councils Disaster recovery facility in the Tameside Hospitals Data Centre. Works to commission the new Data Centre in Ashton Old Baths is continuing and systems will begin to be moved across from the hospital in November 21. The Corporate IT Business Continuity and Disaster Recovery plan is going through the internal governance process – including the priority for systems recovery in the event of a disaster. The new DR facility will be fully operational in final quarter of 2021/22.

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	Progress Reported As At October 2021
			be agreed with services based on risk.		
6	Information Governance	Compliance with GDPR and the Data Protection Act 2018 are a key priority for the Council and the Risk, Insurance and Information Governance Team. The Action Plan will be reviewed with the new Risk, Insurance and Information Governance Manager, and as capacity is added to the team, the improvements required will be allocated and delivered.	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. **Director of Governance and Pensions** **Director of Finance** **March 2022**	Delivery of the Work Plan is progressing well and a number of policies and procedures have been updated and approved by the Audit Panel in July and September 2021. A revised Intranet page is currently in development. Further updated documents will be presented to future meetings of the Audit Panel for approval.
7	Implementation of a Strategic Commissioning Function	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. **Director of Finance/Single Leadership Team** **March 2022**	All localities have responded to 6 questions on the development of their local place based model. Sir Richard Leese has been appointed as Chair Designate of the Integrated Care Board (ICB). Work is underway on first draft of overarching GM ICS operating model. Latest ICS State of Readiness plans submitted to NHS England/NHS Improvement.

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	Progress Reported As At October 2021
8	Debtors	Improvements being introduced to the Debtors System need to be embedded across the Council and these will then be tested by Internal Audit in the latter half of 2020/21 to provide assurance that the overall system is working effectively and fit for purpose.	Due to COVID-19 and the processing and payment of business support grants within Exchequer Services, the Debtors Review has been rescheduled to 2021/22.	Improvements to the Debtors System need to be embedded across the Council and these will then be tested by Internal Audit in the latter half of 2021/22 to provide assurance that the overall system is working effectively and fit for purpose. **Director of Governance and Pensions** **Director of Finance** **March 2022**	The audit of the Debtors system is due to commence in Q3 of 2021/22.
9	Risk Management System	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.	Improvement Complete. The July Audit Panel approved updated Risk Management Policy and Strategy. Work is now ongoing with service area managers to revisit and refresh risk registers using the revised format.
10	Budget Monitoring	Following an 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,	Improvement Complete Progress is ongoing to deliver the outstanding recommendations. Going forward support from the Transformation/Budget	Improvement Complete The updated Financial Regulations were approved by Council on 5 October 2021. The Finance Team

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	Progress Reported As At October 2021
			before the Annual Governance Statement for 2020/21 is signed of in September to capture any further recommendations implemented.	Turnaround Team and the approval of the updated Financial Regulations in October 2021 will enable improvements to be implemented.	can now progress the outstanding improvements. The Transformation/ Budget Turnaround Team are prioritising their work plan and are regularly reporting progress to the Single Leadership Team.
11	Compliance with the CIPFA Financial Management Code (New)			To ensure the nine improvements identified in the assessment conducted and reported to Executive Cabinet in April 2021 are implemented. **Director of Finance** **March 2022**	An action plan was reported to Audit Panel in September 2021 setting out the proposed changes to be implemented over the period October 2021 to March 2022.
12	Early Help Service (New)			To review and implement the learning and improvements identified by the Peer Review conducted by Stockport in December 2020. **Director of Children's Services** **December 2022**	An action plan has been developed the key focus of this is the establishment of a strategic leadership group to lead on the co-location and integration priority, which is chaired by the Director of Children's Services (DCS) with key senior leads from Health and other key partners. Four locations have been identified within each neighbourhood and a location for the colocation of the MASH/EHAP and Spoke, which is expected to

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	Progress Reported As At October 2021
					be delivered through 2022. This will be developed throughout Tameside around the Family Hub model as a main hub and spoke approach utilising both Health, Education and LA buildings based in each neighbourhood This is a key priority through the new Work Smart initiative.

Report To:	**AUDIT PANEL**
Date:	9 November 2021
Executive Member /Reporting Officer:	Councillor Ryan – Executive Member – Finance and Economic Growth Caroline Barlow – Assistant Director of Finance
Subject:	**TREASURY MANAGEMENT ACTIVITIES**
Report Summary:	This report provides a mid-year review of the Council's Treasury Management activities for 2021/22, including the borrowing strategy and the investment strategy.
Recommendations:	That the reported treasury activity and performance be noted.
Links to Community Strategy:	The Treasury Management function of the Council underpins the ability to deliver the Council's priorities.
Policy Implications:	In line with Council Policies.
Financial Implications: **(Authorised by the Section 151 Officer)**	The achievement of savings on the cost of financing the Council's debt through repayment, conversion and rescheduling, together with interest earned by investing short term cash surpluses, is a crucial part of the Council's medium term financial strategy. This has to be carefully balanced against the level of risk incurred. The Council held £127.205m of investments as at 30 September 2021 and the investment portfolio yield to date is 0.30% against the London Interbank Bid Rate (LIBID) benchmark of -0.08%. This represents an actual cash return of £0.195m, being £0.250m in excess of the benchmark.
Legal Implications: **(Authorised by the Borough Solicitor)**	As there is a statutory duty for the Council to set, monitor and comply with its requirements to ensure a balanced budget, sound treasury management is a key tool in managing this process. Demonstration of sound treasury management will in turn provide confidence to the Council that it is complying with its fiduciary duty to the public purse, and in turn allows the Council to better plan and fulfil its key priorities for the coming year. Members should ensure they understand the meaning of **Appendix 1** and the outturn of prudential indicators they are being asked to approve, and the reasons for the same, before making their decision.
Risk Management:	Failure to properly manage and monitor the Council's loans and investments could lead to service failure and loss of public confidence.

Access to Information:

The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner by:

phone: 0161 342 2929

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

1. BACKGROUND

1.1 Cash-flow management is a core element of the Council's financial management activities. The Council operates a balanced budget, which broadly means cash raised during the year will meet cash expenditure. Treasury Management operations firstly ensure that cash flow is adequately planned, with short term surplus funds being invested. The investment strategy priorities are security (i.e. there is a low risk that the counterparty will default on the Council's investment), then liquidity (cash flow needs), and lastly, yield – providing adequate liquidity initially before considering maximising investment return.

1.2 The second main function of the treasury management service is the funding of the Council's capital investment plans, agreed as part of the annual budget setting process and updated throughout the financial year. These capital plans provide a guide to the borrowing need of the Council, essentially this is the long term cash flow planning to ensure the Council can meet its capital spending requirements. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk management or cost reduction objectives.

1.3 Accordingly, treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

2. INTRODUCTION

2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) was adopted by this Council on 8 February 2012. The primary requirements of the Code are as follows:

i. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
ii. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
iii. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, **a Mid-year Review Report** and an Annual Report (stewardship report) to Executive Cabinet covering activities during the previous year.
iv. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
v. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Panel.

2.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- An economic update for the first six months of 2021/22;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;
- A review of any debt rescheduling undertaken during 2021/22;
- A review of compliance with Treasury and Prudential Limits for 2021/22;

3. ECONOMIC UPDATE

3.1 The following economic update is provided by the Council's treasury management advisors, Link Group:

> ***UK.*** *The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.*
>
> *There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, the MPC had been prepared to look through a temporary spike in inflation.*
>
> *So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.*
>
> *Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its May meeting, it will also have a clearer understanding of the likely peak of inflation.*

The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -

1. *Placing the focus on raising Bank Rate as "the active instrument in most circumstances".*
2. *Raising Bank Rate to 0.50% before starting on reducing its holdings.*
3. *Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.*
4. *Once Bank Rate had risen to at least 1%, it would start selling its holdings.*

COVID-19 vaccines. *These have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.*

US. *See comments below on US treasury yields.*

EU. *The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.*

German general election. With the CDU/CSU and SDP both having won around 24-26% of the vote in the September general election, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SDP-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

China. *After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.*

Japan. *2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting*

inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

World growth. *World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.*

Supply shortages. *The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.*

3.2 Link Group's view on the outlook for the remainder of 2021/22 is as follows:-

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table below, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

Significant risks to the forecasts

- *COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.*
- *The pandemic causes major long-term scarring of the economy.*
- *The Government implements an austerity programme that supresses GDP growth.*
- *The MPC tightens monetary policy too early – by raising Bank Rate or unwinding QE.*
- *The MPC tightens monetary policy too late to ward off building inflationary pressures.*
- *Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.*
- *Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.*

The balance of risks to the UK economy: -

The overall balance of risks to economic growth in the UK is now to the downside,

including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- *There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.*
- *Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?*
- *Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation. Then we have the Government's upcoming budget in October, which could also end up in reducing consumer spending power.*
- *On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?*
- *There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1st October and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.*
- *There is a risk that there could be further nasty surprises on the Covid front, on top of the flu season this winter, which could depress economic activity.*

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -

- *How strongly will changes in gilt yields be correlated to changes in US treasury yields?*

- *Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?*
- *Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?*
- *How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?*
- *How will central banks implement their new average or sustainable level inflation monetary policies?*
- *How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?*
- *Will exceptional volatility be focused on the short or long-end of the yield curve, or both?*

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -

- *A fast vaccination programme has enabled a rapid opening up of the economy.*
- *The economy had already been growing strongly during 2021.*
- *It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.*
- *And the Fed was still providing monetary stimulus through monthly QE purchases.*

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of "substantial further progress towards the goal of reaching full employment". However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the

biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

There are also possible DOWNSIDE RISKS from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates: *-*
There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy
One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US before consideration would be given to increasing rates.

- *The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.*
- *The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' and the ECB now has a similar policy.*
- *For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.*
- *Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.*
- *Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.*

3.3 Link Group's view on the anticipated future movement in interest rates is shown below.

Link Group Interest Rate View 29.9.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

4. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY UPDATE

4.1 The Treasury Management Strategy Statement (TMSS) for 2021/22 was approved by the Council on 23 February 2021 as part of the Budget Report.

4.2 There are no required policy changes to the TMSS; the details in this report update the position in the light of the current economic position and budgetary changes already approved.

4.3 In recent years the Council has moved to a more diverse portfolio involving more foreign banks and more longer-duration investments in order to achieve an enhanced return in the current low interest rate environment; however, more liquid investments have been sought during the current pandemic in order to maintain the Council's cash position. All counterparties used have been selected on the basis that they are highly rated and meet the criteria set out in the Council's Treasury Management Strategy.

5. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

5.1 The Prudential Indicators are reported on a quarterly basis as part of the Capital Monitoring process. The Prudential Indicators show the current position against the Prudential Indicator limits initially set as part of the 2021/22 Budget Report.

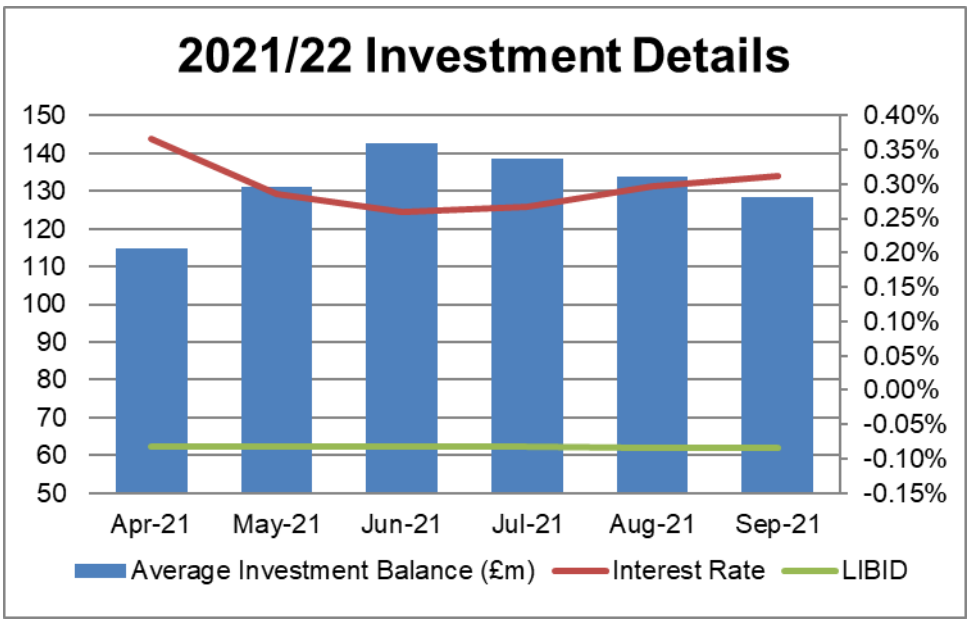
5.2 The indicators are updated from the Capital Programme as at 30 September 2021, showing the Council's capital expenditure plans and how these plans are being financed. Any changes in the capital expenditure plans will impact of the on the prudential indicators and the underlying need to borrow.

5.3 The current prudential indicator position is shown as **Appendix 1** of this report. All the indicators are within the set limits showing that the Council's borrowing strategy remains a prudent one.

6. INVESTMENT PORTFOLIO 2021/22

6.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it was a difficult interest environment even before the Covid-19 crisis, and this along with the added uncertainty in the pandemic prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

6.2 The Council held £127.205m of investments as at 30 September 2021, with an investment portfolio yield to date of 0.30% against LIBID of -0.08%. At 31 March 2021 the portfolio consisted of £94.260m of investments. The movement is largely in relation to grants received early in the year. The below graph illustrates the change in investment balances over time along with the change in interest earned and the LIBID benchmark:



6.3 The portfolio as at 30 September 2021 was as follows:

Investment Type	Total Invested	Weighted Average Duration	Average Interest Rate
	(£m)	(days)	(%)
Money Market Funds	20.505	n/a (overnight)	0.03
Banks (fixed term)	30.000	160	0.21
Banks (notice)	Nil	n/a	n/a
Local Authorities	76.700	426	0.46
Total	**127.205**		

6.4 As outlined in paragraph 4.3, above, this return has largely been earned due to an increased number of longer-duration investments, including a number of investments placed with other Local Authorities in previous years which are paying what are now very favourable rates. However, these investments are gradually maturing and inevitably being replaced with investments earning lower returns.

6.5 The Assistant Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2021/22.

6.6 The Council's projections as at September 2021 show that external loans will incur interest charges of £5.838m. Investment income to be earned during the year is estimated to be £3.583m, which will reduce these costs to give an estimated net interest charge of £2.255m.

6.7 As outlined in the Treasury Management Strategy, the Council uses the Link Group creditworthiness service to inform counterparty selection.

6.8 The Link Group creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

6.9 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available,

or other topical market information, to support their use.

6.10 All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Group. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

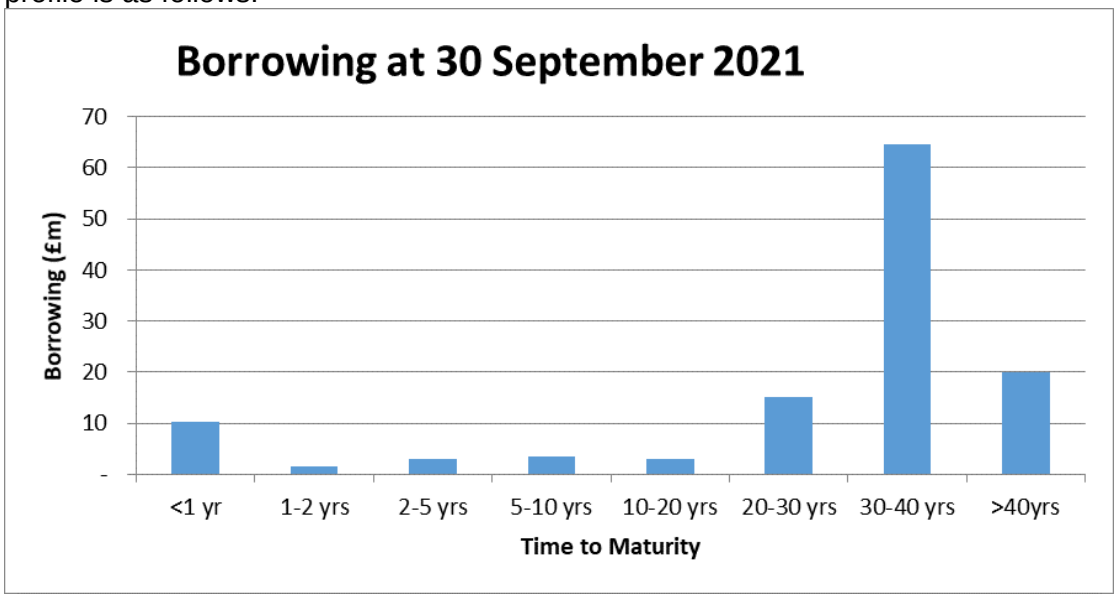
6.11 Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, and information on any external support for banks to help support its decision making process.

7. BORROWING

7.1 The Council has not taken up any new borrowing in the first half of 2021/22.

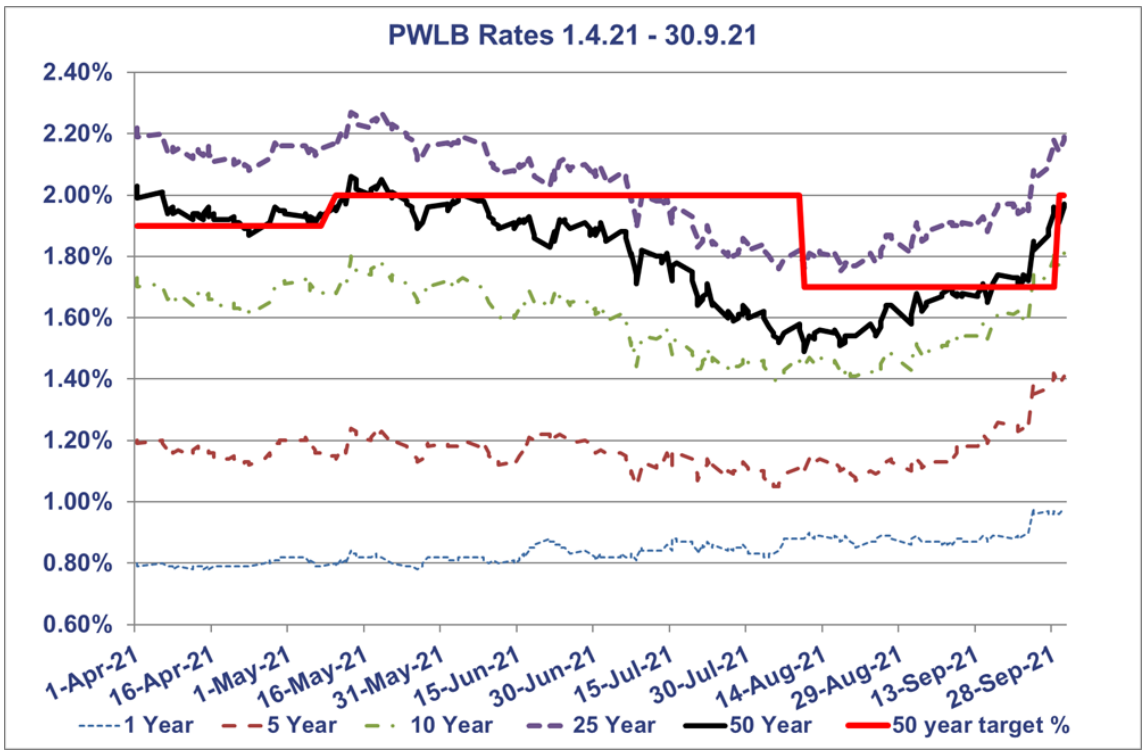
7.2 The Council has previously relied on the PWLB as a major source of funding, but will consider potential alternative sources of borrowing when the need arises.

7.3 As at 30 September 2021 the Council's total borrowing was £150.978m. The maturity profile is as follows:



7.4 The Council's capital financing requirement (CFR) at 31 March 2021 was £191.128m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the Public Works Loan Board or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

7.5 The Council had an outstanding borrowing requirement of £53.866m at 31 March 2021. This is forecast to increase to £62.154m by the end of 2021/22 due to planned capital investment. The remaining outstanding borrowing requirement is currently funded from internal balances on a temporary basis and has the impact of reducing the level of the Council's investment balances. This continues to be a prudent and cost effective approach in the current economic climate but is kept under regular review.



7.6 The table above shows the movement in Public Works Loan Board borrowing rates in 2021/22.

8. MINIMUM REVENUE PROVISION

8.1 The amount of long-term debt that the Council may have is governed by the Prudential Limits set by the Council at the start of the financial year. This is based on the amount of borrowing which the Council has deemed to be prudent. It also allows for advance borrowing for future years' capital expenditure.

8.2 The Council must also allow for repayment of the debt, by way of the Minimum Revenue Provision (MRP). This is the minimum amount that the Council must set aside annually. The Local Authority (Capital Finance and Accounting) Regulations 2008 revised the previous detailed regulations and introduced a duty that an authority calculates an amount of MRP which it considered prudent, although the 2008 Regulations do not define "prudent provision", they provide guidance to authorities on how they should interpret this.

8.3 In 2015/16 the Council's MRP policy was revised from the previous practice (4% of the capital finance requirement on a reducing balance basis) to a straight line method of 2% of the 2015/16 capital financing requirement over a period of 50 years.

8.4 Any new prudential borrowing taken up will be provided for within the MRP calculation based upon the expected useful life of the asset or by an alternative approach deemed appropriate to the expenditure in question. This will continue to be reviewed on an ongoing basis.

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

8.6 There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a 5 year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.

8.7 The MRP policy was updated as part of the 2018/19 Treasury Management Strategy to clarify the Council's position on loans to third parties. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

9. DEBT RESCHEDULING

9.1 Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. No debt rescheduling was undertaken during the first six months of 2021/22.

10. GREATER MANCHESTER METROPOLITAN DEBT ADMINISTRATION FUND (GMMDAF)

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

10.2 Unlike Tameside the GMMDAF incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. However, loans are raised to replace those maturing during the year, and for cashflow purposes.

10.3 At 31 March 2021 the fund had the following outstanding balances:

	£m
Public Works Loan Board	25.863
Pre 1974 Transferred Debt	0.065
Temporary Loans / (Investments)	6.406
Other Balances	0.897
Total Debt	20.780

10.4 The fund's borrowing requirement for 2021/22 is estimated to be:-

	£m
Long term debt maturing	
Public Works loan Board	18.754
Other	0.037
	18.791
Less principal repayments	(20.780)
Deficit/ (Surplus) in year	(1.989)

10.5 As GMMDAF winds down in this year the surplus, along with that brought forward from 2020/21, will be used towards the repayment of loans with a maturity date beyond that of the Fund.

10.6 During 2021/22 it is estimated that the total interest payments will be £1.391m at an average interest rate of 6.69%. This compares with 6.47% in 2020/21.

11. RECOMMENDATIONS

11.1 As set out on the front of the report.

Appendix 1 – Prudential Indicators

Actuals v limits as at 30 September 2021

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Operational Boundary for External Debt	220,710	150,978	(69,732)
Authorised Limit for External Debt	240,710	150,978	(89,732)

These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Upper Limit for fixed	199,373	13,961	(185,412)
Upper Limit for variable	66,458	9,648	(56,810)

These limits are in respect of the Council's exposure to the effects of changes in interest rates.

The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments).

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Capital Financing Requirement	199,373	199,373	-

The Capital Financing Requirement (CFR) is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet. The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Capital expenditure	88,117	10,145	(77,972)

This is the estimate of the total capital expenditure to be incurred.

Gross borrowing and the capital financing requirement	CFR @ 31/03/21 + increase years 1,2,3	Gross borrowing	Amount within limit
	£000s	£000s	£000s
	199,373	150,978	(48,395)

To ensure that medium term debt will only be for capital purposes, the Council will ensure that the gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR).

Maturity structure for borrowing 2021/22 Fixed rate		
Duration	**Limit**	**Actual**
Under 12 months	0% to 15%	6.75%
12 months and within 24 months	0% to 15%	1.07%
24 months and within 5 years	0% to 30%	1.99%
5 years and within 10 years	0% to 40%	2.35%
10 years and above	50% to 100%	87.83%

These limits set out the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing. Future borrowing will normally be for periods in excess of 10 years, although if longer term interest rates become excessive, shorter term borrowing may be used. Given the low current long term interest rates, it's felt it is acceptable to have a long maturity debt profile.

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Report to:	**AUDIT PANEL**
Date:	9 November 2021
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	**EXTERNAL AUDIT APPOINTMENT UPDATE 2023/24**
Report Summary:	This report sets out proposals for appointing the Council's external auditor for the five-year period from 2023/24.
Recommendations:	The Audit Panel is requested to consider the options for the procurement of external audit services and support the preferred option; to opt into the sector-led option through Public Sector Auditor Appointments (PSAA) for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.
Corporate Plan:	The changes required by the Act will enable the Council to continue to be fully accountable to local people for its financial activities, as part of the Council's commitment to improvement, efficiency and good governance.
Policy Implications:	None
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	Under the PSAA appointment framework, PSAA establish a 'scale fee', which is the standard basic fee payable for the external audit. Fee variations may then subsequently be agreed between the external auditor and the Council where additional work is required to conclude either the audit of the financial statements or the conclusion on arrangements to secure value for money. The fee payable by Tameside for external audit services in 2019/20 was £101,063 and in 2020/21 is currently estimated to be £105,093. The scale fee for both financial years was £80,863. Any additional fees charged over and above the scale fee are subject to approval by PSAA. The recommendation set out in this report is for the Council to opt in to the sector led PSAA appointment framework for the reasons set out in paragraph 3.7. This option is expected to be most financial efficient option for the procurement of external auditors.
Legal Implications: (Authorised by the Borough Solicitor)	Section 7 of the Local Audit and Accountability Act 2014 requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

Risk Management: There is no immediate risk to the Council; however, early consideration by the Council of its preferred approach will enable detailed planning to take place to achieve successful transition to the new arrangement in a timely and efficient manner.

Background Information: The background papers relating to this report can be inspected by contacting Wendy Poole, Head of Risk Management and Audit Services.

Telephone: 0161 342 3846

e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 The Local Audit and Accountability Act 2014 (the Act) at Section 7 states that a "relevant authority must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year." The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts.

1.2 In 2017, the Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

1.3 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021, all local government bodies need to make decisions about their external audit arrangements for accounting periods from 2023/24.

1.4 The closing date to opt in to the PSAA arrangement is 11 March 2022. This enables procurement and award of contracts by the statutory deadline of 31 December 2022.

1.5 This report sets out the options open to the Council and the basis of officers' recommendation to the Audit Panel to opt into the national arrangement with PSAA.

2. BACKGROUND

2.1 There is a requirement under the Local Audit and Accountability Act 2014 for all local government and NHS bodies in England to locally appoint their external auditors.

2.2 There are three options open to the Council under the Act, which are:-

- Option 1 - Make a stand-alone appointment as Tameside Council
- Option 2 - Establish local joint procurement arrangements
- Option 3 - Opt-in to a sector led body appointed by the Secretary of State under the Act - Public Sector Audit Appointments (PSAA) Limited.

2.3 New appointments for auditors need to be made by December 2022 regardless of which option is chosen.

2.4 In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, the decision on opt-in must be taken by Council ("full authority").

3. REVIEW OF OPTIONS

3.1 A review of options was presented to Executive Cabinet/Audit Panel and Council in 2017 to support the decision to opt in to the PSAA arrangements. The basis for that decision has not fundamentally changed in the intervening period and in summary the pros and cons of the options are:

Option 1: Make a stand-alone appointment as Tameside Council

3.2 This option requires the Council to appoint an Auditor Panel, separate in role and membership to the Audit Panel, to oversee the procurement and management of the external audit contract. It requires the whole or majority of the membership to be independent of the Council and this means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.

3.3 This approach requires additional capacity and expertise to administer the process and to deliver the functions of the Panel. It will also result in the costs of tendering being borne

solely by the Council.

3.4 The option limits the market influence that the Council has through the letting of a standalone contract and it is not guaranteed that firms will submit tenders for this work given widely reported capacity issues in the market and given they will also be competing as part of the PSAA arrangement. This presents a risk of being unable to make an appointment by the statutory deadline. In addition, the Council could not take advantage of the 'economy of scale' created through joint or national procurement.

3.5 This option does enable the Council to determine cost, quality and social value weightings in its procurement process whereas opting into PSAA will require us to align with their scoring and appointment processes.

Option 2: Establish local joint procurement arrangements

3.6 In 2017, an option was explored to establish Greater Manchester level procurement arrangements. Whilst affording greater economies of scale this approach does largely present the same risks and opportunities as the stand-alone option. It also increases the risk that firms will not bid as they are at heightened risk of having a conflict of interest at one of the authorities. The option has been discussed with Greater Manchester Treasurers and the consensus is that this presents a high level of risk, with relatively low benefits compared to Option 3.

Option 3: Opt in to Public Sector Auditor Arrangements

3.7 PSAA was the option selected in 2017 for the reasons set out below. Given challenges and capacity in the market and the need to maintain a high quality of external audit provision, there is an even stronger case that this option will produce better outcomes and will be less burdensome for the Council, compared to procurement undertaken locally for the following reasons:-

- Collective procurement reduces overall costs for the sector and for individual authorities compared to smaller local procurements and contract management arrangements;
- There is no requirement to establish a specific Council auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term; and
- It is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement.

3.8 Key features of the PSAA approach are:-

- Contracts let under the PSAA opt-in will run for five years;
- Contracts between PSAA and the audit firms will require firms to deliver audits compliant with the National Audit Office (NAO) Code of Audit Practice;
- The number of firms eligible to undertake local public audit is regulated through the Financial Reporting Council and the Recognised Supervisory Bodies (RSBs). Only appropriately accredited firms will be able to bid for appointments;
- PSAA will manage current and potential future conflicts of interest rather than the Council having to re-procure contracts should such conflicts arise;
- Opting into the PSAA will remove the need to set up an Auditor Panel in addition to the Council's Audit Panel;
- In addition to working with the LGA, a stakeholder advisory panel with representative organisations for councils, police and fire bodies ensures ongoing influence and engagement with PSAA;
- PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with

any surplus distributed back to scheme members;

- Scale fees will vary in line with the additional work needed which reflects risk and complexity (scale is set following consultation with opted in bodies);
- PSAA will manage variation requests and approve where appropriate; and
- This approach is supported and endorsed by the LGA.

3.9 The main downside with Option 3 is the inability to determine the evaluation criteria that will be used for procurement. Given that the audit approach is mandated through standards and guidance there is minimal flexibility in the scope of work requested. Nonetheless current stakeholder networks through Core Cities and the LGA will be used to encourage the application of appropriate quality, cost and social value weightings. We expect quality to constitute a high element of scoring and note that is unlikely that PSAA will apply the same weighting to social value as is used by local authorities and would expect this to be no more than 5% of the total score.

3.10 The PSAA route was adopted by 484 of 494 bodies in the previous exercise. Feedback from across Greater Manchester and North West authorities is that they will be adopting this same approach in 2022.

4. NEXT STEPS

4.1 Subject to Audit Panels comments, a report will be provided to Council seeking approval for the preferred option. This will reference the comments of the Audit Committee.

5. RECOMMENDATIONS

5.1 As set out on the front of the report.

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Report to:	**AUDIT PANEL**
Date:	9 November 2021
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	**NATIONAL ANTI-FRAUD NETWORK (NAFN) DATA AND INTELLIGENCE SERVICES**
Report Summary:	To provide members with an update on services provided by NAFN and planned future developments.
Recommendations:	That members note the report
Corporate Plan:	NAFN provides data and intelligence to investigators in their fight against fraud and crime and therefore indirectly supports the corporate plan.
Policy Implications:	Counter fraud activities support the achievement of objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	There is no financial implication for Tameside as the NAFN is self-financing and fully funded by membership fees and external funding. Furthermore, a reserve of £500,000 is maintained to cover any redundancy costs or wind-up costs should the services of NAFN be no longer supported by member local authorities, private registered providers (housing associations) and other public sector bodies.
Legal Implications: (Authorised by the Borough Solicitor)	As set out in the main body of the report the council is the sole host of NAFN under a service level agreement and that together with the third party agreements should provide the council with the necessary protection and indemnities particularly with regard its hosting role.
Risk Management:	Tameside is the single host authority and carries the risks associated with the delivery of the NAFN services; however, it has been in existence since 1996 and developed into a highly regarded service, which is supported by the Home Office, the local authority community and other public sector bodies. It has tried and tested procedures in place that are robust, legally compliant and delivered by fully trained and qualified staff, which are detailed in the report. Parts of the service such as Investigatory Powers Act (IPA) Communications Services are inspected by the Investigatory Powers Commissioner's Office (IPCO) on a regular basis, the results of which are reported to Parliament. The service is well managed and governed by an Executive Board of senior nominated from local authority members. The current chair of the Executive Board is the Head of Risk Management and Audit Services at Tameside MBC. The NAFN Head of Service maintains a risk register, which is regularly reviewed and updated by the Executive Board.

Background Information: The background papers relating to this report can be inspected by contacting Wendy Poole, Head of Risk Management and Audit Services by

Telephone: 0161 342 3846

e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 The National Anti-Fraud Network (NAFN) was established in 1997 and is the largest local authority shared service, which offers membership to all local authorities in the United Kingdom. NAFN is a subscription network formed by its members to provide services, which support their work in the protection of the public purse. NAFN was created as a centre of excellence to provide data and intelligence to its members. The original business objective was to share intelligence to raise awareness and support investigations into fraud locally, regionally and nationally. These services have been continuously developed and enhanced over the years in response to government initiatives and emerging business needs.

1.2 Initially, operations were shared across nine local authorities but in 2003 the service was consolidated into three small teams based in Tameside Metropolitan Borough Council, Brighton and Hove City Council and Birmingham City Council. All three councils shared governance responsibilities. In 2013, following the departure of the Director of the National Anti-Fraud Network, Birmingham withdrew from the partnership. In 2014, following the Government's decision to transfer all local authority housing benefit investigations to the Department of Works and Pensions the NAFN Executive Board decided to consolidate the service into one office and asked Tameside to be the sole host of operations. This was approved by a Key Decision in May 2015. The Brighton office closed on 30 September 2015.

1.3 NAFN's mission and purpose is:

- To be the most effective and efficient point of contact through which our members can acquire data, intelligence and knowledge to support their investigations, protecting the public purse and safeguarding the community.
- The quality of our products, professional services and legal compliance will be assured and provided by a team of trained and accredited officers.
- To support members and gain their trust through communication, collaboration, innovation and continuous improvement.

1.4 The vision for NAFN is to be a nationally recognised centre of excellence for the acquisition and sharing of data and intelligence for the public sector.

2. NATIONAL ANTI-FRAUD NETWORK EXECUTIVE BOARD

2.1 Since 2006 the management of NAFN has been entrusted to an Executive Board of officers appointed at each Annual General Meeting. The Executive Board consists of at least 8 and not more than 12 representatives. The Host Authority has automatic entitlement to determine their representative on the Executive Board and this representative has full voting rights.

2.2 The Executive Board may co-opt any person, by majority vote, to serve on the Board provided that the number of co-opted members does not exceed one quarter of the total membership. Co-opted Executive Board members have no voting rights.

2.3 The Executive Board provides strategic direction and operational management of the service. It ensures that adequate resources are available to deliver the NAFN Business Plan which is refreshed every year. The Business Plan covers the following areas:-

- Budget Overview;
- Data Services;
- Stakeholders;
- Marketing and Communications; and
- Business Targets.

2.4 The Executive Board also identifies and agrees the organisational structure and establishment required to deliver the NAFN services in conjunction with host authority policies.

2.5 Since 2010 the NAFN Executive Board has been chaired by Tameside's Head of Risk Management and Audit Services. The current members of the Executive Board are detailed below in Table 1.

Table 1 – Members of the Executive Board (October 2021)

Board Member	Local Authority	Post Held
Wendy Poole (Chair)	Tameside Metropolitan Borough Council	Head of Risk Management and Audit
Peter Farrow (Treasurer)	Sandwell Metropolitan Borough Council and Wolverhampton City Council	Shared Audit Services and Risk Management Manager
John Peerless Mountford	Brighton and Hove City Council	Principal Trading Standards Officer
Andy Hyatt	Royal Borough of Kensington and Chelsea, London Borough of Hammersmith and Fulham and Westminster City Council	Shared Services Head of Fraud
Nick Hobbs	Swindon Borough Council	Head of Internal Audit
Tom Powell	Manchester City Council	Head of Internal Audit and Risk Management
Sharon Hughes	West Dunbartonshire Council	Section Leader Corporate Fraud
John Hillarby	London Boroughs of Merton and Richmond upon Thames	Trading Standards Manager
Jo Boutflower	North Yorkshire County Council	Head of Business and Consumer Services
Robert James	Birmingham City Council	Managing Director – City Operations
Nick Jennings	Hertfordshire County Council	Head of Service - Shared Anti-Fraud Service
Russell Hawkins	Southampton City Council	Southampton and Eastleigh Licensing Partnership
Co-Opted Members		
Ivan Bradshaw	Newcastle upon Tyne Hospitals NHS	Fraud Specialist Manager
Iain O'Brien	OFCOM – Regulator for Communications Services	Policy Advisor Spectrum Enforcement

3. CONSTITUTION

3.1 NAFN has had for many years a formal Constitution and Governance Handbook which was drafted in consultation with Tameside Legal Services and now includes:-

- The NAFN Constitution;
- A consolidated Membership Agreement;
- Governance Document – Management Framework to deliver the National Anti- Fraud Network Vision;
- A service level agreement which defines the roles and responsibilities of both NAFN and the Host Authority Tameside Council;
- Service level agreement for the Information Communication Technology service with Rochdale Metropolitan Borough Council; and
- Agreements with Third Parties.

3.2 As NAFN is not a separate legal body in its own right it is also governed by the corporate governance arrangements of the Council.

3.3 As part of the constitution NAFN holds an Annual General Meeting each year in October/November and presents members with an Annual Report. The meeting for 2021 was held on 21 October and held virtually. The Annual Report is attached at **Appendix 1** for information.

4. NAFN EXPENDITURE AND INCOME

4.1 NAFN as part of the Council is required to deliver a balanced budget protecting and minimising the use of reserves. The Annual Budget for 2021/22 is detailed in Table 2 below together with the outturn position for 2020/21

Table 2 – NAFN Budget 2021/22 and Outturn 2020/21

Expenditure	**2021/22 Budget £**	**2020/21 Outturn £**
Employees	659,368	505,017
Premises	16,000	12,000
Transport	7,400	117
Supplies and Services	303,950	203,198
Project related Costs	73,600	37,145
Specialist Services	173,000	156,869
Total Expenditure	**1,233,318**	**914,346**
Income		
Membership Fees	929,305	805,278
Central Government/Other Funding	110,000	92,789
Specialist Services	165,000	162,426
Interest	4,000	851
Total Income	**1,208,305**	**1,061,344**
Surplus/(Deficit)	**(25,013)**	**146,998**

4.2 All funds are administered by the Council and are subject to the audit arrangements of the Host Authority.

4.3 Income in relation to Membership Fees is recharged to members annually and Data Enquiry Fees are recharged quarterly in arrears based on usage, all income is billed and collected via the Council's Debtors Service. Income from the Central Government and the National Trading Standards are project related and agreed annually.

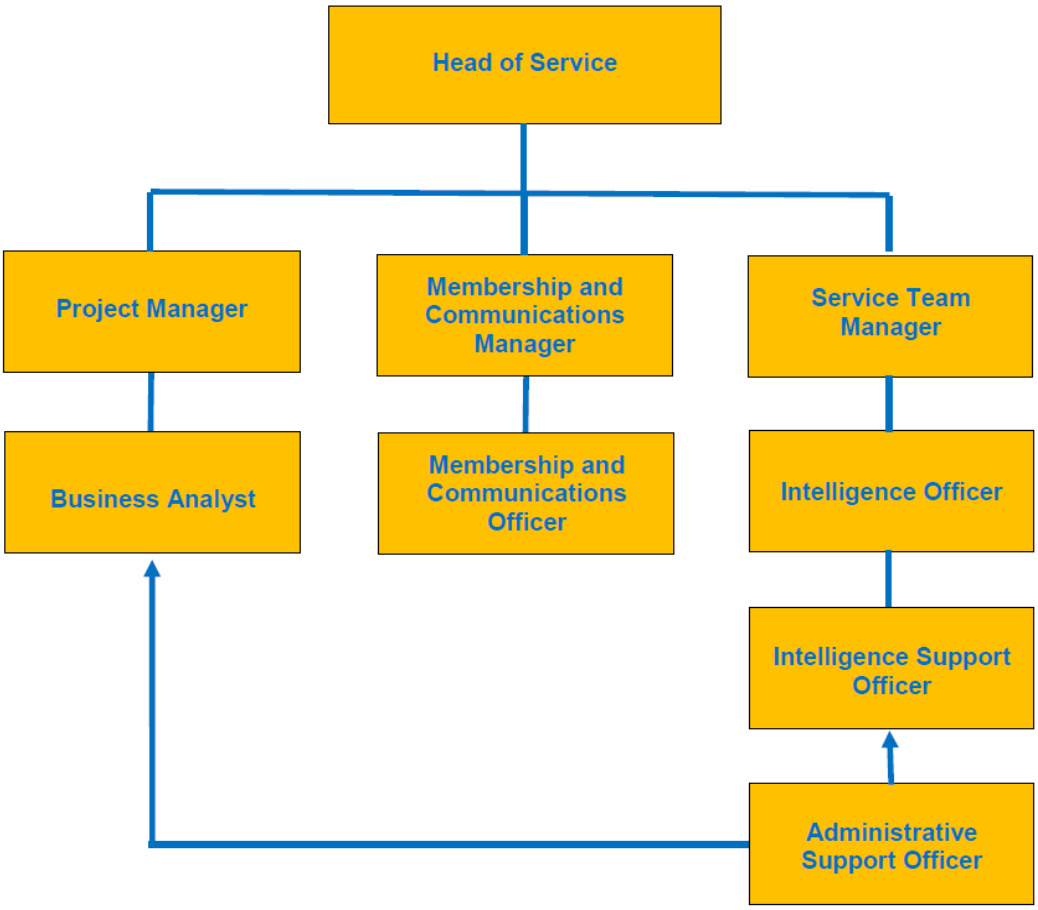
4.4 Under its Constitution NAFN is required to maintain a strategic financial reserve, the level of which is agreed with the Host Authority. Currently, this reserve is £500,000 and is designed to meet any costs associated with the dissolution of the National Anti-Fraud Network should members cease to support the shared service, eliminating the risk of any financial impact falling on the Council. NAFN also has a working reserve of approximately £780,000 and this is used to meet any overspend of the approved annual budget through virement. The NAFN Executive Board is also authorised to approve expenditure from the working reserve to fund major service enhancement projects.

4.5 The Constitution also requires NAFN to comply with the Host Authority's Financial Regulations, Procurement Standing Orders, Recruitment/Selection and procedures including for the payment of accounts and salaries.

4.6 The financial position of NAFN is presented at the Annual General Meeting by the Treasurer and published in the Annual Report, which is made available to all NAFN members and published on its website.

5. NAFN SERVICE TEAM

5.1 The organisational structure as at October 2021 is detailed below.



5.2 The Head of Service is supported by a Project Manager, Membership and Communications Manager and a Service Team Manager. The latter is responsible for day-to-day operational management and quality assurance of the Service Team. The provision of data and intelligence services is delivered by six Intelligence Officers, four Intelligence Support Officers and two Administrative Support Officers.

5.3 All officers are currently working from home and meetings are being held virtually.

6. MEMBERSHIP

6.1 Membership is open to all local authorities in Great Britain and Northern Ireland (full members) as well as government agencies, private registered providers (housing associations) and other public sector bodies (associate members). Local authority members have full voting rights at the Annual General Meeting or Special General Meetings. Terms and conditions of membership are included in the NAFN Membership Agreement which is

signed by all members.

6.2 Fees and service charges are agreed and reviewed annually by the NAFN Executive Board. Changes and revisions are communicated in advance to members by the Head of Service.

6.3 Membership of the NAFN is detailed in Table 3.

Table 3 – Breakdown of Membership

Organisation Type	Sept 2021	March 2021	March 2020
Local Authority	362	362	355
Housing Association	67	65	62
Other Public Sector Bodies	32	27	19
Totals	**461**	**454**	**436**

6.4 Other public sector bodies include:-

- Department of Work and Pensions
- Northern Ireland Trading Standards
- National Health Service Counter Fraud Service
- Office of Communications
- Food Standards Agency
- Social Security Scotland

6.5 Following the appointment of a Membership and Communications Manager in July 2019 and the introduction of a marketing strategy and plan, membership has continued to grow.

7. SERVICES TO MEMBERS

7.1 NAFN is widely regarded as a centre of excellence for data and intelligence supporting counter fraud and crime nationally providing a 'one-stop shop' for its members. It offers a comprehensive value for money service delivering financial and efficiency savings for all its members.

7.2 It has established a successful track record of innovation and delivery, working with a wide range of service and business partners.

7.3 All systems, including access to acquire communications data to support criminal investigations and a National Register of Taxi Licence Revocations and Refusals (NR3) are robust, secure and legally compliant. This has been acknowledged by a range of government bodies including the Home Office, Cabinet Office, Department for Transport and Driver and Vehicle Licensing Agency who NAFN regularly work collaboratively with.

7.4 Currently, the Department for Transport is actively involved in the passage of new legislation, Taxi and Private Hire Vehicle (PHV) Safeguarding Bill (currently at Committee Stage) that will compel all licensing authorities in England and Wales to record taxi licensing revocations and refusals on a national database. Although the legislation does not identify NR3 or NAFN, it is expected that the NAFN system will be adopted as the preferred business solution.

7.5 Local authority membership is corporate and the service departments using the services offered by NAFN include:-

- Trading Standards
- Corporate Anti-Fraud
- Internal Audit
- Environmental Health
- Housing
- Licensing
- Parking
- Protective Services

- Council Tax
- Debt Recovery
- Legal
- Insurance
- Planning
- Human Resources

7.6 Members receive regular newsletters on service improvements, along with weekly intelligence alerts advising of latest fraud trends to support fraud prevention and detection. NAFN provides accredited e-learning modules on new regulations and legislation, as well as, offering a comprehensive free webinar training programme covering the range of services NAFN offer.

7.7 A key benefit for members is the independent guardian and gatekeeper role played by NAFN ensuring requests are necessary, proportionate and legally compliant.

7.8 In the 2020 Chartered Institute of Public Finance and Accountancy Fraud and Corruption Tracker National Report, the total value of fraud identified and prevented in 2019/20 was approximately £239m across local authorities. The four main areas of fraud were identified as; Council Tax, Disabled Parking (Blue Badge), Housing and Business Rates.

7.9 There are currently more than 14,000 active user accounts and members are able to access a wide range of data and intelligence to protect the public purse through verification, debt recovery and fraud investigation to fight crime, particularly cyber-crime.

7.10 The type and number of enquiries received from members during 2020/21 and 2021/22 is detailed in Table 4 below.

Table 4 – Number of Enquiries Received

Enquiry Type	2020/21 April - March	2021/22 April - Sept
Authorised Officer Service	10,001	5,148
General Service	23,648	11,455
Driver and Vehicle Licensing Agency	10,082	6,093
Type 'B' Data	150,858	86,726
Investigatory Powers Act	2,312	1,961
Total Enquiries	**196,901**	**111,382**

7.11 A summary of each category of enquiry is provided below:-.

- **Authorised Officer Services**
  NAFN can access data under statutory powers provided by the Council Tax Reduction Scheme Regulations 2013 and the Prevention of Social Housing Fraud Act 2014. Authorised Officers obtain financial data from banks and credit providers, utility information to support investigations into council tax reductions and housing tenancy fraud. Expedient processes have been established with over 800 information providers and ensure that data is requested efficiently and lawfully.

- **General Service**
  A wide variety of data is obtained via the service using statutory exemptions under the Data Protection Act 2018, assisting local authorities not just to combat fraud and criminality but also to assist with other functions of verification, validation, applications for council services and debt recovery. These services range from general to bespoke credit and debt reporting, consented information to assist in tracing individuals, official information from the General and Land registry, details of passports and immigration status and information regarding companies and directors to name a few.

- **Driver and Vehicle Licensing Agency**
  A secure overnight service providing access to identify the current keeper of a vehicle is also offered. The service is used by local authorities for multiple purposes ranging from identifying the keepers of abandoned vehicles, to blue badge misuse.

- **Type B Data**
  Working in collaboration with the main credit reference agencies NAFN provides members with instant online access to their credit reporting products via its secure website. The development of online services has been key to increasing efficiencies and reducing costs. The service continues to engage with stakeholders to provide further online services striving to deliver improved, efficient and low cost services to members.

- **Investigatory Powers Act**
  Since legislative change in June 2019, NAFN is the only route by which local authorities can access communications data under the Investigatory Powers Act**.** It delivers a nationally recognised Single Point of Contact service providing robust, secure and online access to many communication providers.

  Communications data can often be crucial in assisting local authorities with their law enforcement duties, enabling the identification and apprehension of offenders and protecting businesses and consumers. Criminals often target the elderly and vulnerable residents and this is a key service often used by trading standards.

8. INTELLIGENCE SHARING AND FUTURE DEVELOPMENT

8.1 Covid-19 brought many challenges but through collaborative working, NAFN has strengthened its relationships with central and local government. NAFN has actively supported local authorities to prevent millions of pounds of fraud throughout the pandemic. By way of example, one NAFN member confirmed that the total of prevented fraud attempts against their council linked to companies in the NAFN alerts amounted to £620,000.

8.2 These productive working relationships continue to develop highlighting the benefits of data and intelligence sharing across local government, wider public authorities, financial sector organisations and Central Government (Cabinet Office and BEIS). NAFN is well placed to meet these emerging business needs.

8.3 The NAFN Executive Board has approved ambitious plans to transform the existing ICT platform which is functionally obsolete and upgrade the website with access to a wider range of data providers. NAFN has already consulted with its members to confirm their appetite for these new developments and a major project is about to be initiated (Project Argus) to deliver this transformation over the next two years.

9. KEYS RISKS FOR TAMESIDE

9.1 The key risks for the Council in hosting NAFN are detailed in Table 5 below.

Table 5 – Key Risks

Risk Type	Description of Risk	Mitigation
Financial Viability	That NAFN will become financially unviable because income from membership and external funding fails to meet the operational costs of service	NAFN is currently fully funded from membership fees and external funding (grants) and therefore there is no call on the revenue budget of Tameside to

Risk Type	Description of Risk	Mitigation
	delivery.	cover its ongoing operational costs. Furthermore, NAFN has an approved reserve of £500,000 which has been set aside to cover any staffing or contractual costs which would fall to the host authority should NAFN cease to exist.
Reputational	Inappropriate/incorrect data and intelligence is returned to an investigator breaching the Data Protection Act and UK GDPR. This could result in reputational damage and the possibility of enforcement action by the Information Commissioners Office (ICO).	NAFN does not conduct investigations into fraud; it provides data and intelligence that is requested by investigators through robust and resilient processes. NAFN acts as a gateway and ensures that all requests are proportionate, necessary and legally compliant. All NAFN staff are suitably qualified and experienced to undertake their roles and processes and procedures are regularly monitored and reviewed to ensure they comply with changes in legislation.
Service Delivery to Members	NAFN fails to provide an accurate, reliable and available service to members because the information technology infrastructure in place is not sufficiently robust and flexible.	NAFN provides a web-based service heavily reliant on having an effective information technology infrastructure in place. A service level agreement is in place with Rochdale MBC IT Services to provide NAFN with the necessary platform and support for the organisation.

9.2 As referred to in Section 3 above to mitigate the risks NAFN complies with the Councils policies and procedures and has a number of additional documents in place which have been developed in conjunction with the Councils Legal Services Team to ensure robust procedures govern the services provided to members, as detailed below:-

- <u>NAFN Constitution</u>
  This covers the Vision, Membership, Executive Board, Fees and Charges, Accounts, Annual General Meeting, Extraordinary Meetings and the Dissolution of NAFN

- <u>NAFN Membership/Collaboration Agreements</u>
  These are signed by all members and detail the Benefits and Obligations of Membership and the Processing Activities, which cover all the data and intelligence services provided and the rules for using them. They also cover the authorisation for obtaining communications data under the Investigatory Powers Act 2016, this part of

the service is inspected annually by the Investigatory Powers Commissioner's Office (IPCO).

- Service Level Agreement (SLA) with Principal Host Authority
  It provides an overview of the services and resources to be provided by Tameside as the host and the reciprocal responsibilities of NAFN. NAFN complies with the policies and procedures of the Council and uses the key financial systems to pay employees, expenditure and collect income and all financial transactions are recorded in Agresso. All staff are employed by the Council and are subject to its conditions of service, health and safety requirements and People and Workforce Development policies.

- Service Level Agreement (SLA) with ICT Host Authority
  This covers the provision and maintenance of electronic information systems and an ICT infrastructure to support NAFN meet its business needs. The current provider is Rochdale MBC.

- Agreements with Third Parties
  NAFN has a number of contracts and agreements in place with business solution providers to provide systems, data and intelligence. Legal advice is requested when new services are introduced and governance reports provided where appropriate.

10. RECOMMENDATIONS

10.1 That members note the report.

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APPENDIX 1

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Data & Intelligence Services

Annual Report 2021

Published 11 October 2021

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Data & Intelligence Services

OUR MISSION AND PURPOSE

To be the most effective and efficient point of contact through which our members can acquire data, intelligence and knowledge to support their investigations, protecting the public purse and safeguarding the community.

The quality of our products, professional services and legal compliance will be assured and provided by a team of trained and accredited officers.

To support members and gain their trust through communication, collaboration, innovation and continuous improvement.

OUR VISION

To be a nationally recognised centre of excellence for the acquisition and sharing of data and intelligence for the public sector.

OUR VALUES

Accountability – Putting Members First
Listening and communicating with our members, ensuring transparency and building trust.

Professionalism and Integrity
Showing the highest standards of occupational practice and behaviour. Operating to defined standards and targets. Valuing and treating all members with equality, dignity and respect.

Advocacy and Collaboration
Working together to achieve the best outcomes for the membership on behalf of their communities through negotiations with business solution providers; working collaboratively with all stakeholders; through membership of national and regional working groups; in wider discussions with Central and Local Government.

Not-for-Profit
To offer a value-for-money service driven by purpose rather than profit with membership fees and charges sufficient to cover operating costs only.

Agility and Continuous Improvement
Actively seeking business improvement opportunities to enhance skills and develop the service offer to members. Responding positively and creatively to changing and emerging business needs. Demonstrating innovation and creativity in the delivery of projects, with a commitment to pursuing excellence in service provision.

Chair's Report

Wendy Poole
Tameside Metropolitan Borough Council
NAFN Chair 2010-20

Dear Members

I want to thank you for your continued and growing support as we enter our 24th year of successful service delivery. I would also like to thank members of the Executive Board for their valuable input and the NAFN Service Team for their ongoing commitment and dedication during their extended period of homeworking in response to the Covid-19 national pandemic.

Earlier this year, the NAFN Board revisited and refreshed the organisation's mission statement and operational values that demonstrate our commitment to continuous improvement and underpin our guardian and gatekeeper role. The Vision Statement communicates our obligations to both members and strategic partners enabling them to acknowledge the Board's ambitions and embrace collaborative working. We are a trusted organisation recognised across both Central and Local Government.

I am pleased to report that membership remains strong across local authorities, housing associations and wider public sector organisations. New members include the NHS Counter Fraud Authority, the Government Internal Audit Agency and three police forces. Operational efficiencies and external funding ensured that there was no requirement to increase the annual membership fee. It was disappointing that Covid-19 restrictions prevented us from hosting our Annual Conference but we were able to organise a successful virtual AGM.

The Executive Board believes there is a strong business case for service transformation given that most of the ICT infrastructure is functionally obsolete and that a range of new business opportunities are emerging that could enhance the service offer to members. A major consultation exercise clearly demonstrated a high level of satisfaction with the range of services offered but it is clear that improvements need to be made on access, functionality and reporting to better support effective data and intelligence sharing. To address these shortfalls, the Board approved a new initiative on ICT transformation and service improvement branded as Project Argus.

Finally, I am pleased to report that the NAFN service was again been formally recognised in the i-Network Awards in March 2021. We came first in the category 'Effective Information Sharing and Security' for our work relating to Covid-19 Business Grant Fraud Alerts. We were also a Finalist for two additional awards presented by the Cabinet Office and TECAs as well as a further two award categories from i-Network.

Wendy Poole

Treasurer's Report

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

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

Service Delivery

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

Annual Accounts

Both the Executive Board and Members are aware that NAFN must be self-financing, largely through subscriptions and wherever possible seeking additional funding through other routes such as government grants. However, we are aware that as cuts continue to be made across Central Government, we may not always be able to attract the level of funding that we have done in the past. Should this come into effect, then we are already looking at options that will be available to us in order to manage such an event.

As with all organisations the year was impacted by Covid-19 and its subsequent effect on our finances, in particular our project related costs, while also incurring less transport costs than in previous years. Also, while income from our specialist services fees were reduced, this was offset by a reduction in the costs incurred in this area.

The approved reserve is held to mitigate the risks to the Host Authority for delivering the NAFN services and is agreed annually. The level of this reserve continues to be monitored and where appropriate funds are released to keep membership costs low. A significant part of the increased working reserve is to be used as part of our transformation agenda, with a particular focus on our ICT infrastructure which will bring a range of additional benefits in the service we offer to our members.

The financial prospects for the future will no doubt continue to be difficult for the public sector. However, the commitment across the whole of the public sector to fighting fraud, preventing crime and protecting the public purse as we emerge from Covid-19, remains high. NAFN will continue to help you meet your commitments. Councils face difficult budget decisions and we will continue to play our part by protecting service delivery and constraining fee increases.

Overview

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

Peter Farrow

NAFN – Statement of Accounts 2020-21

Income and Expenditure Account for the year ended 31 March 2021

		2020-21	2019-20
Expenditure			
	Employee Related Costs	505,017	503,722
	Premises Related Costs	12,000	13,000
	Transport Related Costs	117	12,768
	Supplies and Services	203,198	222,417
	Project Related Costs	37,145	110,952
	Specialist Services	156,869	189,732
	Total	**914,346**	**1,052,591**
Income			
	Specialist Services – Income	162,426	208,982
	Annual Fees	805,278	802,466
	Cabinet Office, ANPR and SiD	92,789	215,256
	Interest	851	8,915
	Total	**1,061,344**	**1,235,619**
Surplus/(Shortfall)		**146,998**	**183,028**

Balance Sheet as at 31 March 2021

Liabilities -	Working Reserve	782,728	635,730
	Approved Reserve	500,000	500,000
	Sundry Creditors	6,387	84,684
		1,289,115	**1,220,414**
Assets -	Sundry Debtors	75,025	89,830
	Bank	1,214,090	1,130,584
		1,289,115	**1,220,414**

Head of Service

Mark Astley
NAFN Data and Intelligence Services

After 18 months of lockdown, the one lesson we have learnt from the Covid-19 National Emergency is that collaboration is essential. As we all know, the world of fraud will continue to change bringing new challenges to the public sector which needs to be responsive, agile and innovative. Furthermore, the world of investigation continues to evolve and many NAFN members are now working from home and require access to online data and intelligence to support their work. We continue to improve and further develop the NAFN service to meet these demands.

The National Emergency provided new opportunities for NAFN to work collaboratively and share intelligence with a range of stakeholders to address fraud arising from Covid-19 business grants. These initiatives were extremely successful and have raised our profile with Central Government including the Home Office and BEIS.

We continue to be involved in a number of national strategic and operational working groups such as the NCA's Operation Etherin, the LGA Fighting Fraud and Corruption Locally and the Home Office's Professional Oversight Board. Also, I have recently become a Board Member for the North West Fraud Forum.

The last 12 months have been very different and challenging. The NAFN Leadership Team has been proactive in managing a range of issues and concerns in order to maintain an acceptable level of service to members. Since March 2020, all members of the NAFN Team have been working from home and these arrangements remain in place. The Host Authority continues to instruct staff to work from home where possible but these arrangements may be reviewed as and when lockdown restrictions are lifted by the Government.

The NAFN Leadership Team was strengthened with the appointment of a new Project Manager in December 2020 who has focused on ICT transformation and service improvement (Project Argus). In order to resource this project a Business Analyst was appointed together with a Membership and Communications Officer. Both of these are temporary positions.

We continue to explore new opportunities to enhance the service offer to members working with a wide range of partners and stakeholders. For example, the Enhanced Intelligence Service pilot completed in 2019 is now being further trialled with a number of NAFN members. The major consultation exercise undertaken at the beginning of this year together with follow-up focus groups have informed service improvement aspirations that will be evaluated and delivered as part of Project Argus.

Mark Astley

Membership and Communications Manager

Lavinia Ferguson
NAFN Data and Intelligence Services

I am delighted to report once again that membership retention has been excellent overall and growth in the number of new local authorities, wider public authorities and housing associations has successfully offset the merger and technical loss of a further four local authorities this year.

Over the past 12 months we have continued to focus on our response to the impact of the Covid-19 pandemic on our members; however similar to many of your organisations this has very much become business as usual.

We are proud to have supported so many organisations to prevent significant losses to the public purse and have been recognised for our efforts; particularly in respect of our Covid-19 Business Grant Fraud Intelligence Alert initiative. In the last year we have been named finalists in the iNetwork Awards for iStandUK and Covid-19 Response Recognition categories, the Tackling Economic Crime Awards (TECAs) for Outstanding Prevention Initiative 2020 and the Public Sector Counter Fraud Awards for Partnership Excellence 2020 (as nominated by the Department for Business, Energy and Industrial Strategy). Encouragingly, we successfully won the iNetwork Effective Information Sharing and Security Award for the second year in a row.

The launch of NAFN Professional Training and Development was postponed until June 2021; however the last 12 months have provided the opportunity to finalise the development of five modules making up the Investigatory Powers Act (2016) e-learning course. We also became members of the CPD Certification Service and can now offer CPD certified courses, webinars and events. Our IPA course has been assessed to be CPD Certified and available to add value to our member's professional development. Having delivered over 300 online training webinars this year, the development of this new e-learning platform will significantly add to our training package and benefits of membership.

This year we established corporate contacts for all organisations and launched the Transformation Consultation and Focus Groups. Consultation responses were proportionate to the membership breakdown and the willingness of members to engage in focus groups to inform the best way forward for the organisation was very positive. Feedback was constructive across the board and will underpin the specification for the new ICT system and service delivery improvements.

As anticipated the use of a new mailing system has significantly increased efficiency since its launch and improved the number of successfully delivered communications. With many organisations reliant on Intelligence Alerts and our communications highlighting new and useful services, this system has allowed us to support over 450 organisations and almost 14,000 registered users.

Lavinia Ferguson

Project Manager

Bruce Robertson
NAFN Data and Intelligence Services

Having joined NAFN just over 10 months ago, my introduction to members has been via newsletters and emails while we all deal with new working arrangements during the pandemic. Although my main role is to focus on the upgrading of the current NAFN service by redesigning the web interface, accessing new data and working with existing and new partners to automate the enquiries, I am also responsible for managing our current IT service supplier, ICT host and general issues with our IT service.

Maintaining and improving the service remains a constant challenge and during the past 10 months a range of new services and updates have been released including; additional Experian services, TransUnion enhanced reporting, Entrust upgrade, enhanced archiving and yearly penetration testing as well as general server and ICT upgrades hidden in the background. We are also currently working on an enhanced Intelligence Enquiry Service, currently in testing, while continuing to push the GSA CycComms upgrade to Cloud System in Q1 of 2022.

Over the last 23 years, NAFN has achieved a great deal through innovation and collaboration; supporting its members to protect the public. We feel it is the right time for NAFN to develop a new IT system to meet member expectations as well as further enhance and future proof NAFN's capabilities for years to come.

Earlier this year I had the pleasure of participating in the Transformation consultation which invited members to review our current service offering and discuss what they were looking for in a new and enhanced service. This consultation provides an opportunity for me to articulate the specific needs of NAFN members ensuring that their views are considered and that future decisions are made in their best interests. Also, from a technical perspective this had helped me enormously by allowing me to look at both the positives and the negatives of our service and develop a Transformation Plan. To aid me in this monumental task, NAFN have brought on-board a Business Analyst who is currently scoping our existing system in order to further develop a plan for the future before we go to tender in 2022.

I will continue to work closely with members of the NAFN Leadership Team and Executive Board to review and develop the overall transformation strategy and identify any improvement opportunities for our members. As always members will be consulted before a preferred business solution is identified.

Bruce Robertson

Service Team Manager

Sarah Cooper
NAFN Data and Intelligence Services

The service you have come to know and expect from NAFN continues to be delivered from dining rooms, conservatories and spare rooms across Greater Manchester. The home working measures implemented in March 2020 remain in place and considerations regarding our future working arrangements are under way. Like many others we are looking forward to a time when we can all come together again; not only with our immediate colleagues but also with you, our members. The collaborative relationships NAFN established as a result of the national Covid-19 grant fraud response remain in place and we continue to work closely with BEIS, The Insolvency Service and NATIS in this arena. I would like to take this opportunity to thank our local authority members for your engagement with this ongoing process; without the intelligence you share the impact of the work we are doing would be significantly reduced.

We have also spent time working with new and existing providers to improve and develop the services offered as part of your membership. Included in this is the trial of the Enhanced Intelligence Service and potential access to new data sets. Service improvement will remain a focus over the coming year as part of Project Argus.

Our annual inspection by the Investigatory Powers Commissioners Office took place in October 2020 and I am pleased to report another great outcome. This year's inspection recorded a single recommendation, providing us with guidance and the opportunity to make the service the best it can be. A number of observations of good practice were also highlighted, reflecting on the high-quality service already provided by the NAFN communications data SPOCs, demand for which continues to go from strength to strength.

Other aspects of the NAFN service have seen a 25% reduction in intake due to the Covid-19 crisis. The pandemic resulted in a change in priorities for our members, with staff redeployed to alternative departments supporting the Covid-19 response. We are however, confident that as more typical working practices return and resources are less impacted we will see demand return across the NAFN service.

NAFN has welcomed new additions this year including two Intelligence Officers joining the Service Team and a Project Manager joining the Leadership team. As I am sure many of our members have experienced over the last 18 months, virtual recruitment has its challenges but our new recruits have settled in, are well into their training and on hand to support you.

Sarah Cooper

NAFN Executive Board Membership

Chair

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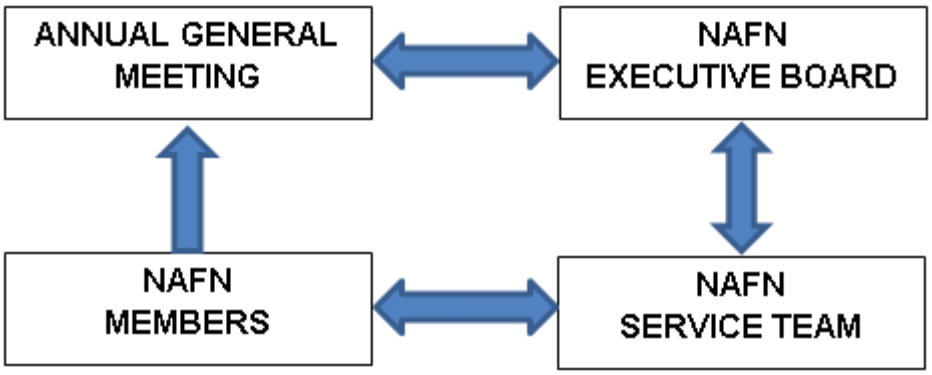
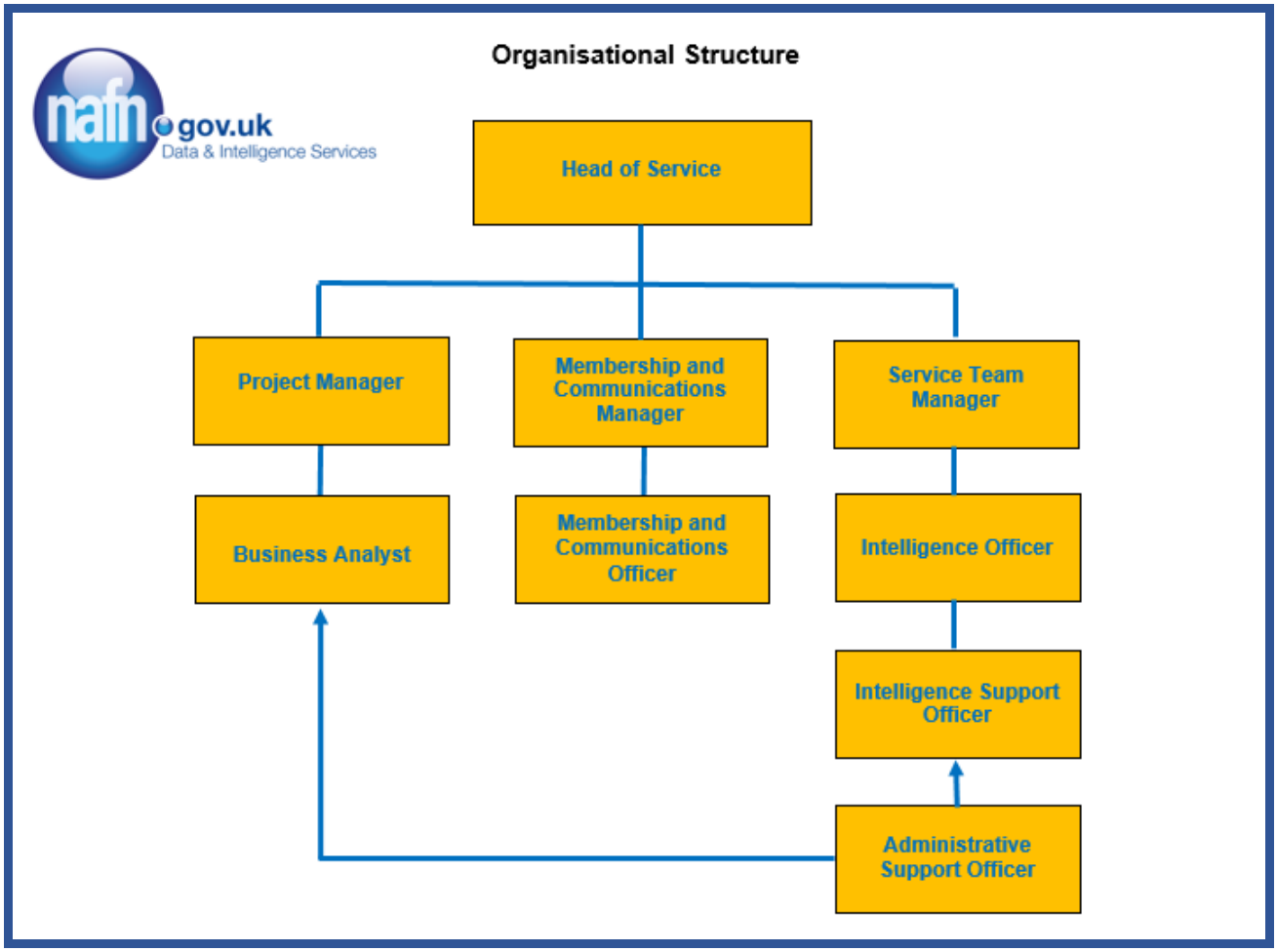
Governance and Organisational Structure

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



The current organisational structure is set out below:



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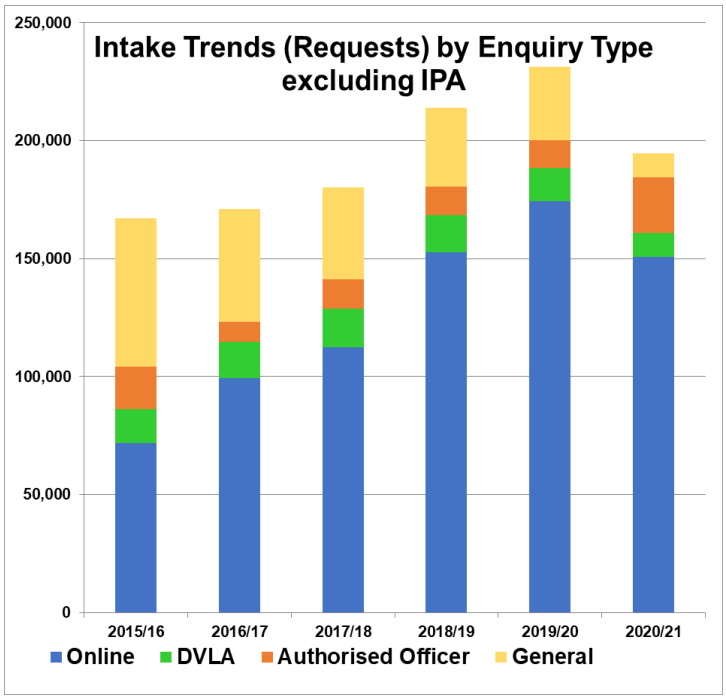
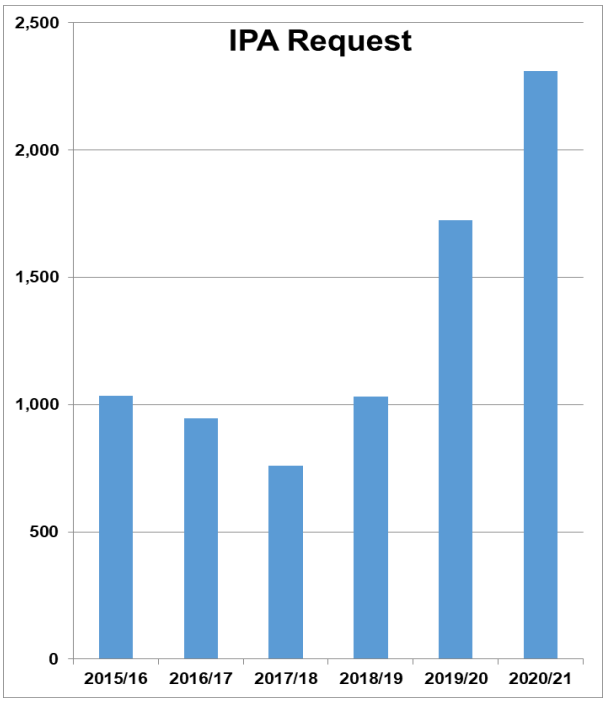
APPENDIX A

Intake

Enquiry Type	2020/21 April – March	2019/20 April - March
Authorised Officer Service	10,001	11,638
General Service	23,648	31,294
DVLA	10,082	14,044
Type 'B' Data	150,858	174,474
IPA	2,312	1,725
Total Enquiries	196,901	233,175

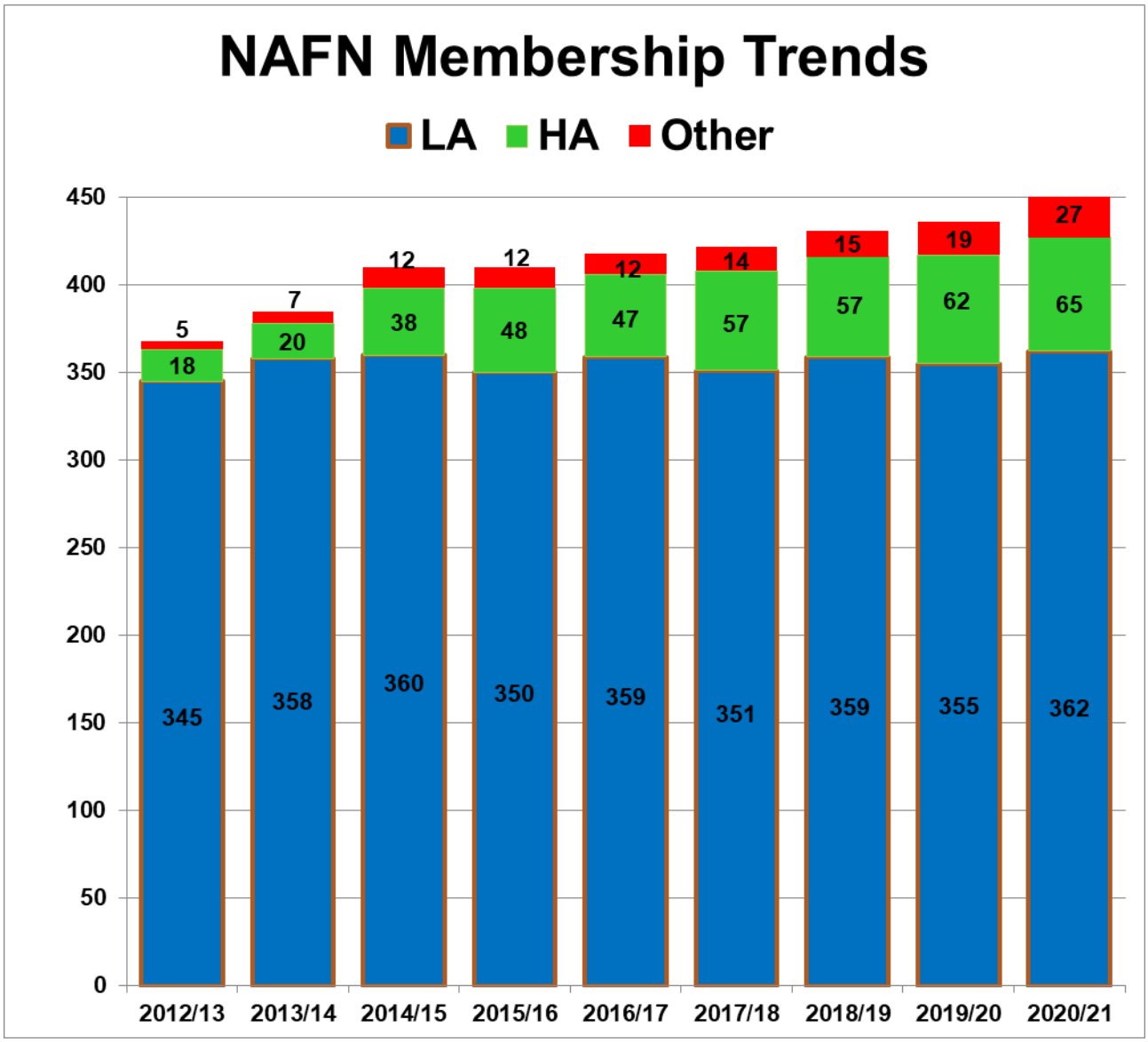




APPENDIX B

Membership

Organisation Type	March 2021	March 2020
Local Authority	362	355
Housing Associations	65	62
Other Organisations	27	19
Total	454	436



APPENDIX C

Membership March 2020-2021

LOCAL AUTHORITIES

Aberdeenshire Council
Adur Worthing District Council
Allerdale District Council
Amber Valley BC
Anglesey Council
Angus Council
Argyll and Bute Council
Arun District Council
Ashford BC
Babergh District Council
Barnsley MBC
Barrow-in-Furness BC
Basildon District Council
Basingstoke & Deane BC
Bassetlaw District Council
Bath & North East Somerset
Bedford BC
Belfast City Council
Birmingham City Council
Blaby District Council
Blackburn BC
Blackpool BC
Blaenau Gwent CBC
Bolsover District Council
Bolton MBC
Boston Borough Council
BPC Council
Bracknell-Forest BC
Bradford City Council
Braintree District Council
Breckland District Council
Brentwood BC
Bridgend CBC
Brighton & Hove Council
Bristol City Council
Broadland District Council
Bromsgrove District Council
Broxbourne BC
Broxtowe BC
Buckinghamshire County Council
Burnley BC
Bury MBC
Caerphilly CBC
Calderdale MBC
Cambridge City Council
Cambridgeshire County Council
Cannock Chase Council
Canterbury City Council
Cardiff Council
Carmarthenshire CBC
Castle Point BC
Causeway Coast & Glens DC
Central Bedfordshire Council
Ceredigion County Council
Charnwood BC
Chelmsford City Council
Cheltenham BC
Cherwell District Council
Cheshire East Council
Cheshire West & Chester Council
Chesterfield BC
Chichester District Council
Chorley MBC
City of London Corporation
City of Wolverhampton Council
Conwy CBC
Copeland Borough Council
Corby BC
Cornwall Council
Cotswold District Council
County Durham Council
Coventry City Council
Crawley BC
Cumbria County Council
Cyngor Gwynedd Council
Darlington BC
Dartford BC
Daventry District Council
Denbighshire County Council
Derby City Council
Derbyshire County Council
Devon County Council
Doncaster Metropolitan Council
Dorset Council
Dover District Council
Dudley MBC
Dundee City Council
East Ayrshire Council
East Cambridgeshire DC
East Devon District Council
East Dunbartonshire Council
East Hertfordshire DC
East Lindsey District Council
East Northamptonshire Council
East Renfrewshire Council
East Riding of Yorkshire Council
East Staffordshire BC
East Suffolk Council
East Sussex County Council
Eastbourne BC
Eastleigh Borough Council
Edinburgh City Council
Elmbridge BC
Epping Forest District Council
Epsom & Ewell BC
Erewash BC
Essex County Council
Falkirk Council
Fareham BC
Fenland District Council
Fife Council
Flintshire County Council
Folkestone and Hythe DC
Forest of Dean District Council
Fylde BC
Gateshead Council
Gedling BC
Glasgow City Council
Gloucester City Council
Gloucestershire County Council
Gosport BC
Gravesham BC
Guilford BC
Halton BC
Hambleton District Council
Hampshire County Council
Harborough District Council
Harlow Council
Harrogate BC
Hartlepool BC
Hastings Borough Council
Havant BC
Herefordshire County Council
Hertfordshire County Council
Hertsmere BC
High Peak BC
Hinckley and Bosworth BC
Huntingdonshire DC
Hyndburn BC
Inverclyde Council
Ipswich BC
Isle of Wight Council
Kent County Council
Kettering BC
King's Lynn and West Norfolk BC
Kingston upon Hull City
Kirklees MBC
Knowsley MBC
Lancashire County Council
Lancaster City Council
LB Barking and Dagenham
LB Barnet
LB Bexley
LB Brent
LB Bromley
LB Camden
LB Croydon
LB Ealing
LB Enfield
LB Hackney
LB Hammersmith & Fulham
LB Haringey Council
LB Harrow Council
LB Havering
LB Hillingdon
LB Hounslow
LB Islington
LB Lambeth
LB Lewisham
LB Merton
LB Newham
LB Redbridge
LB Richmond upon Thames
LB Southwark Council
LB Sutton
LB Tower Hamlets
LB Waltham Forest
LB Wandsworth
Leeds City Council
Leicester City Council
Leicestershire County Council
Lewes D C
Lichfield District Council
Lincolnshire County Council
Liverpool City Council
Luton BC
Maidstone BC
Malvern Hills District Council
Manchester City Council
Mansfield District Council
Medway Council
Mendip District Council
Merthyr Tydfil CBC
Mid Devon District Council
Mid Suffolk District Council
Mid Sussex District Council
Middlesbrough BC
Midlothian Council
Milton Keynes Council
Mole Valley District Council
Monmouthshire CBC
Neath Port Talbot County BC
Newark and Sherwood DC
Newcastle upon Tyne Council
Newport City Council
Norfolk County Council
North Ayrshire Council

North East Derbyshire DC
North East Lincolnshire Council
North Hertfordshire DC
North Kesteven DC
North Lanarkshire Council
North Lincolnshire Council
North Norfolk District Council
North Somerset Council
North Tyneside Council
North West Leicestershire DC
North Yorkshire County Council
Northampton BC
Northamptonshire County Council
Northumberland County Council
Norwich City Council
Nottingham City Council
Nottinghamshire County Council
Oadby & Wigston BC
Oldham MBC
Orkney Islands Council
Oxford City Council
Oxfordshire County Council
Pembrokeshire County Council
Perth & Kinross Council
Peterborough City Council
Plymouth City Council
Poole BC
Portsmouth City Council
Powys County Council
Preston City Council
RB Greenwich Council
RB Kensington & Chelsea
RB Kingston upon Thames
RB Windsor & Maidenhead
Reading BC
Redcar & Cleveland BC
Redditch BC
Reigate & Banstead BC
Renfrewshire Council
Rhondda Cynon Taff CBC
Ribble Valley BC
Richmondshire DC
Rochdale MBC
Rochford District Council
Rossendale BC
Rother District Council
Rotherham MBC
Runnymede BC
Rushcliffe BC
Rushmoor BC
Rutland County Council
Ryedale District Council
Salford MBC
Sandwell MBC
Scarborough BC
Scottish Borders
Sedgemoor District Council
Sefton Council
Selby District Council
Sevenoaks District Council
Sheffield City Council
Shropshire Council
Slough BC
Solihull MBC
Somerset West and Taunton
South Ayrshire Council
South Cambridgeshire DC
South Derbyshire DC
South Gloucestershire Council
South Hams District Council
South Holland D C
South Kesteven DC
South Lakeland DC
South Lanarkshire Council
South Norfolk DC
South Northamptonshire DC
South Oxford DC
South Ribble BC
South Somerset DC
South Staffordshire DC
South Tyneside MBC
Southampton City Council
Southend BC
Spelthorne BC
St. Helens MBC
Stafford BC
Staffordshire County Council
Staffordshire Moorlands DC
Stevenage BC
Stirling Council
Stockport MBC
Stockton-On-Tees BC
Stoke City Council
Stratford on Avon DC
Stroud District Council
Suffolk County Council
Sunderland City Council
Surrey County Council
Surrey Heath B. C.
Swale BC
Swansea City Council
Swindon BC
Tameside MBC
Tamworth BC
Tandridge DC
Telford & Wrekin Council
Tendring District Council
Test Valley BC
Tewkesbury BC
Thanet District Council
The Highland Council
The Moray Council
Three Rivers District Council
Thurrock BC
Tonbridge & Malling BC
Torbay BC
Torfaen CBC
Torridge District Council
Trafford BC
Tunbridge Wells BC
Uttlesford District Council
Vale of Glamorgan Council
Vale of White Horse DC
Wakefield District Council
Walsall MBC
Warrington BC
Warwick District Council
Warwickshire County Council
Watford BC
Waverley BC
Wealden District Council
Wellingborough BC
Welwyn Hatfield Council
West Berks District Council
West Devon BC
West Dunbartonshire Council
West Lancashire DC
West Lothian Council
West Oxfordshire DC
West Suffolk Council
West Sussex County Council
Western Isles Council
Westminster City Council
Wigan MBC
Wiltshire Council
Wirral MBC
Wokingham BC
Worcester City Council
Worcestershire County Council
Worthing BC
Wrexham CBC
Wychavon District Council
Wyre BC
Wyre Forest District Council
York City Council

Associate Members March 2020-21

HOUSING ASSOCIATIONS

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

OTHER PUBLIC AUTHORITIES

South Yorkshire Police Force
Department of Health
DWP
DWP NISSA
FACT
Food Standards Agency E&W
Food Standards Scotland
Government Internal Audit Agency
Humberside Police Force
HM Land Registry
Imperial NHS Trust
Information Commissioners Office
Intellectual Property Office
Mersey Internal Audit Agency
Newcastle NHS Trust
NHS Counter Fraud Authority
NHS Counter Fraud Service Wales
NHS Scotland
Northern Ireland Trading Standards
Northern Ireland Housing Executive
OFCOM
Office of Product Safety & Standards
Police Investigation & Review Commissioner
Social Security Scotland
The Insolvency Service
The Pension Regulator
West Yorkshire Police Force

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Report To:	**AUDIT PANEL**
Date:	9 November 2021
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES – QUARTER 2 2021/22**
Report Summary:	To advise members of the work undertaken by the Risk Management and Audit Service to Quarter 2 of 2021/22 and to comment on the results.
Recommendations:	1. That members note the report and the performance of the Service Unit to Quarter 2 of 2021/22. 2. Approve the Revised Audit Plan for 2021/22.
Links to Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the Borough Treasurer)**	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums and compensation payments to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: **(Authorised by the Borough Solicitor)**	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. 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. 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.
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting: Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. INTRODUCTION

1.1 This is the second progress report for the current financial year and covers the period April to September 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 half 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 September 2021.

Key Priorities 2021/22	Progress Report - September 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.	The Risk Management Policy and Strategy was approved by the Audit Panel on 27 July 2021, which included an updated risk register template and process. Work with service areas to refresh operational risk registers using the revised template is ongoing and a priority for the team. The Corporate Risk Register is updated and presented to the Single Leadership Team and the Audit Panel quarterly.
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.	Delivery of the Work Plan is progressing well and a number of policies and procedures have been updated and approved by the Audit Panel in July and September 2021. A revised Intranet page is currently in development. The IT related policies are currently being reviewed and will be presented to a future meeting of the Audit Panel for approval. A Data Protection/Information Governance Report is now regularly 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.	This work is awaiting the outcome of the Work Smart Project, once disseminated plans can updated and refreshed to reflect the new working model.
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, however, the officer responsible for the research has recently left the Council and other priorities. may delay completion until the recruitment process is concluded.

Key Priorities 2021/22	Progress Report - September 2021
To review the information held and introduce regular reports for management in terms of claims received to inform and improve the risk management process.	The format of the report is being reviewed by the Risk, Insurance and Information Governance Manager to ensure the information adds value for the Council.
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 requested:- • Risk Management • Insurance • Information Governance • Business Continuity Planning
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	Ongoing.

3. INTERNAL AUDIT OVERVIEW

3.1 The Audit Plan approved on 16 March 2021 covered the period April 2021 to March 2022 and totalled 1,666 Days. This was made up of 1,272 days on planned audits and 393 days on reactive counter fraud work/investigations. Members may recall that the plan was slightly amended at the end of Quarter 1 to redistribute an audit in the Approved Plan which was in the wrong Directorate and to reallocate the Days Brought Forward from 2020/21.

3.2 The Audit Plan has now been reviewed to reflect the half year position and to reassess the resources available for Quarters 3 and 4 to ensure the plan reflects a realistic position. As previously stated the Audit Plan is constantly reviewed within the team and with Directors/Assistant Directors to ensure it reflects the risks and needs of the Council. All requests for additional work in year are considered by the Head of Risk Management and Audit and the Principal Auditors to ensure the integrity of the Audit Plan is not compromised.

3.3 Table 1 below provides a summary of the Revised Plan and progress to the end of Quarter 2. The Table details the Approved Plan Days, Revised Plan Days, Actual Days delivered to Quarter 2 and the Days to be delivered in Quarters 3 and 4. The actual days in total are 708. **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 3 and 4, Status and Level of Assurance. The Risk Management and Audit Team have continued to work from home during this period.

3.4 The Revised Plan 2021/22 summarised in Table 1 totals 1,584 days, made up of 1,166 planned work and 418 days on reactive counter fraud work/investigations. In terms of planned days, this is an overall reduction of 107 days.

3.5 The reductions are required as a result of the following:-

- Additional audits/activities added to the Approved Plan;
- Delayed appointment of the Senior Auditor which accounted for a shortfall of approximately 50 days;

- Training days for the new Senior Auditor and an Auditor, who is now studying for the Association of Accounting Technicians qualification via an apprenticeship, being higher than anticipated;
- Actual days on audits exceeding those estimated due to on the job training and problems encountered due to virtual working.

3.6 **Table 1 – Annual Audit Plan Summary 2021/22**

Service Area / Directorate	Approved Plan 2021/22	Revised Plan 2021/22	Actual Days Q2 (1 Oct 21)	Days to be Delivered in Q3 and Q4
Children's	90	123	66	57
Children's Schools/Learning	128	131	43	88
Adults	87	80	40	40
Population Health	21	4	1	3
Place	163	127	47	80
Governance	206	187	80	107
Finance	194	163	57	106
Greater Manchester Pension Fund	300	300	148	152
Crosscutting	84	51	4	47
Total Planned Days 2021/22	**1,273**	**1,166**	**486**	**680**
Counter Fraud Work/Investigations	393	418	222	196
Total Planned Days for 2021/22	**1,666**	**1,584**	**708**	**876**

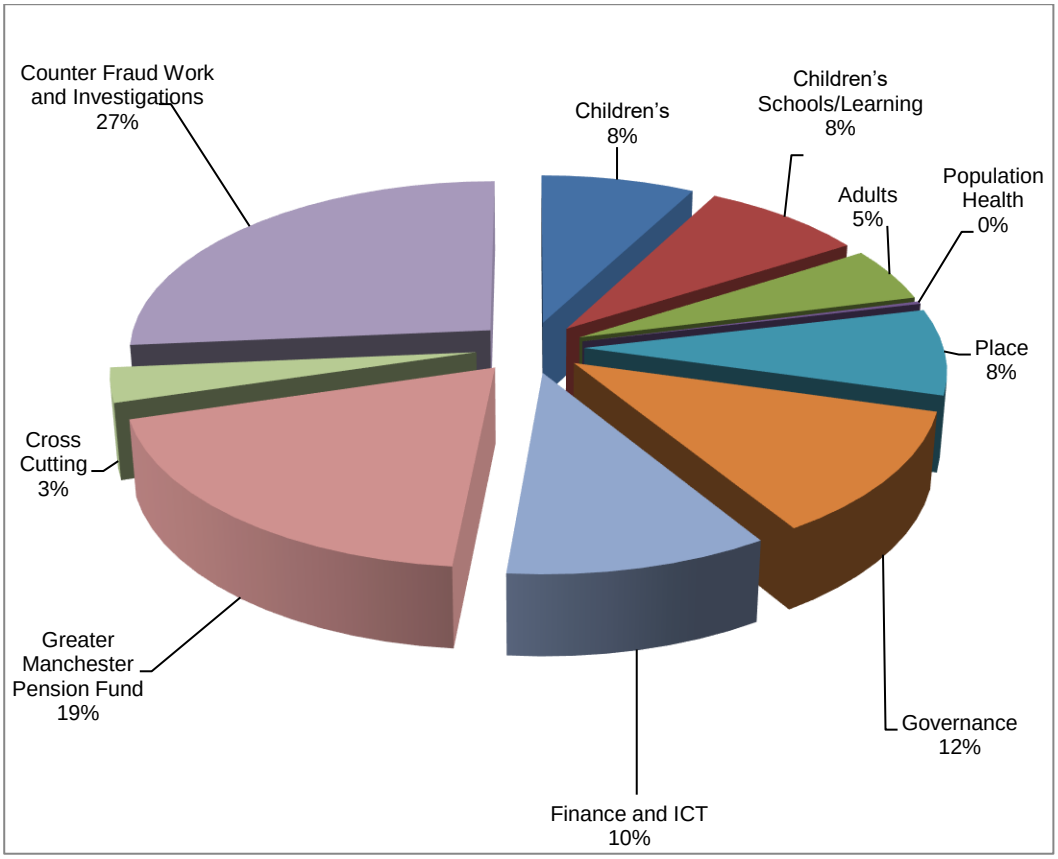
3.7 In order to reduce the Audit Plan the Principal Auditors who manage the plan on a day to day basis have consulted with Directors and Assistant Directors to review the planned audits for their service to prioritise outstanding work and identify audits that need to be postponed due to ongoing reviews or the introduction of new systems/processes. The proposed audits to be deferred/rescheduled are detailed in Table 2.

3.8 **Table 2 - Proposed Audits to the Deferred/Rescheduled**

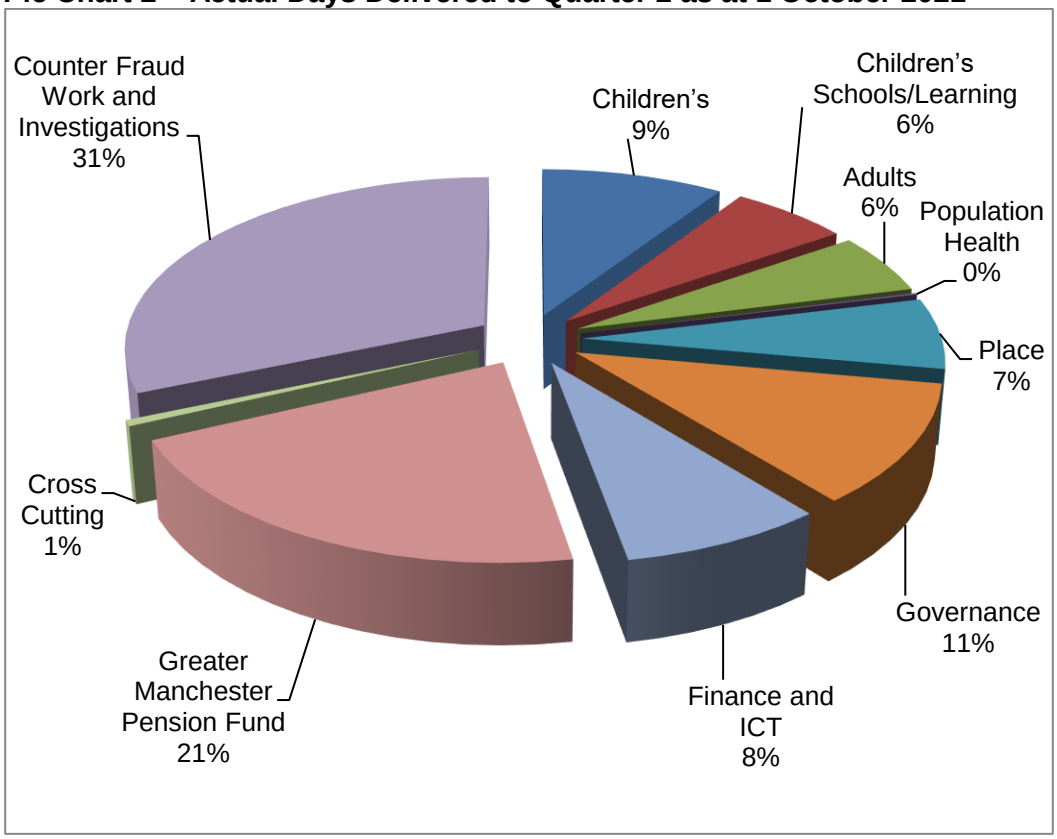
Service Area	Audit/Activity	Planned Days
Children's	Safeguarding	15
	Conference and Review Process	15
Adults	Home Care	15
	Out of Hours	15
Population Health	Contract Monitoring - Sexual Health	15
Place	Monitoring of the Facilities Management Contract	15
	Building Control	15
	Bereavement Services	15
	Procurement	15
Governance	Housing Benefits	15
	External Audit Checks – Payroll	10
	ATS - Applicant Tracking System - Greater Jobs	5
	Project Assurance Work	10
	Data Quality across Systems (YOT/Adults/Waste)	15
Finance	VAT	15
	External Audit Checks – General Ledger	10
	Achievement of Savings Plans	15
Cross Cutting	GMCA - Mandatory Grant Certification	20
	Recruitment and Selection	15
Totals		**265**

3.9 The Pie Charts below present the Revised Plan 2021/22 and the Quarter 2 Actual Days delivered to Week 26 ending 1 October 2021.

Pie Chart 1 – Revised Audit Plan 2021/22



Pie Chart 2 – Actual Days Delivered to Quarter 2 as at 1 October 2021



4. AUDIT ACTIVITY TO QUARTER 2 (1 OCTOBER 2021)

4.1 During the first half of the year, six Final Reports were issued in relation to systems and risk based audits, the results of which are summarised in Table 3 below.

Table 3 – Final Reports System/Risk Based Audits 2021/22

Reports Issued	April to September	Total for 2020/21
High	2 (2)	5 (3)
Medium	1	7 (4)
Low	1 (1)	4
Control Reports	1	-
Consultancy Reviews	1 (1)	-
Totals	**6 (4)**	**16 (7)**

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

4.2 In addition to the Final Reports issued above, eleven 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
- Grant Assurance Work

4.4 Two Final Audit Reports in relation to Schools were issued during April to September and the results of which are summarised in Table 4 below. Due to Covid-19 and number of school holidays in this period the majority of school audits are scheduled for quarters 3 and 4.

Table 4 – Final Reports Schools

Reports Issued	April to September	Total for 2020/21
High	1	3
Medium	1	5
Low	0	2
Totals	**2**	**10**

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

4.6 Post Audit Reviews are undertaken approximately six months after the Final Report has been issued, however, where a low level of assurance is issued the Post Audit Review is scheduled for three months to ensure that the issues identified are addressed. Two Post Audit Review has been completed during Quarter 2, a summary is presented in Table 5 below and details the number of recommendations implemented. In total thirteen Post Audit Reviews have now been completed during 2021/22 and the percentage rate of recommendations implemented is currently 78%. 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 thirteen Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

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

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
Quarter 1 – Recommendation Summary	152	127	84	Eleven Post Audit Reviews
Retirement Process	4	3	75	The recommendation to be implemented relates to the review of letters used in the process to ensure clarity.
Second PAR - Cyber Security Review	13	1	8	A number of the outstanding recommendations were partially implemented and a further follow up has been scheduled for Quarter 4.
	169	**131**	**78**	

5. REVIEW OF INTERNAL AUDIT

5.1 The Service Development Plan 2021/22 is detailed in Table 6 below together with progress update to September 2021.

Table 6 – Service Developments 2021/22

Developments	Progress to Date – September 2021
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function.	Due to the impact of COVID-19 and capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance have not 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.	Complete. The process has now been reviewed and a revised monitoring spreadsheet has been introduced.
To review the audit process and the Quality Control Checklist to ensure they work efficiently in the virtual world and audits are completed in a timely manner.	This has been rescheduled to Quarter 4 of 2021/22.
To review the Fraud Response Plan in light of virtual working and the Savings Recording Spreadsheet to ensure it is fit for purpose.	This review is now underway.
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	Work has been deferred awaiting the outcome of the NHS reorganisation of CCG's.

Developments	Progress to Date – September 2021
Group's services to develop an integrated service offering.	
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.

6. ANNUAL GOVERNANCE STATEMENT

6.1 The Draft Annual Governance Statement was presented to the Audit Panel on 27 July 2021.

6.2 The Final Annual Governance Statement 2020/21 is a separate item on the agenda and once approved will be signed by the Executive Leader and the Chief Executive before it is formally presented to our External Auditors (Mazars).

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 September 2021 is summarised below in Table 7.

Table 7 – Investigations Undertaken from April to September 2021

Detail	No. of Cases
Cases B/Forward from 2020/21	36
Current Year Referrals	25
Total	**61**
Cases Closed	36
Cases Still under Investigation	25
Total	**61**
Assistance Cases	**14**

7.5 The above investigations can be categorised by fraud type and grant type as shown in Tables 8 and 9 below.

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

Fraud Type	No. of Cases	Estimated Value £
Adult Social Care	6	23,504
COVID-19 Business Support Grants	41	262,111
Children's Social Care	3	5,286
Council Tax	5	-
Blue Badge	3	-
Pensions	1	5,644
Procurement	1	-
Theft	0	-
Other	1	-
Total	**61**	**296,545**

7.7 **Table 9 – 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	24	192,240	53,240	14,000	125,000
Discretionary	17	69,871	5,000	64,871	0
Total	**41**	**262,111**	**58,240**	**78,871**	**125,000**

7.8 The fraudulent claims paid totalling £125,000 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 £78,871.

7.9 A member of the Counter Fraud Team has embarked on a Counter Fraud Investigator course via the Apprenticeship Levy and learning from the course is being used to review processes within the team to ensure we meet the expectations of the Fighting Fraud and Corruption Locally Strategy.

7.10 The data sets for the National Fraud Initiative (NFI) 2020 Exercise were received in February 2021 and are currently being reviewed and investigated. Table 10 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.

7.11 Investigations to date have highlighted 30 frauds and 183 errors totalling £92,831, work is ongoing to recover these amounts.

7.12 **Table 10 – National Fraud Initiative (NFI) Findings to October 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**	936		29 Frauds 7 Errors £35,947
Pensions to Payroll	54 and 55	1256	**High**	-	1256	-

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Deferred Pensions to DWP Deceased	53	158	**High**	152	6	97 Errors
Housing Benefits to Student Loans	2	15	**High**	12	1	2 Errors £3,129
Housing Benefits Claimants to DWP Deceased	49.1	32	**High**	32	-	-
Council Tax Reduction Scheme to Pensions	435.1 436.1 439.1	844	**High**	344	500	74 Errors £29,249
Council Tax Reduction Scheme to Payroll	435 436	50	**High**	27	23	2 Errors £2,055
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	-
Payroll to Payroll	66	22	**High**	4	18	1 Fraud £20,113
Housing Benefit Claimants to Taxi Drivers	47.1 47.2	58	**High**	11	47	-
Totals		**3,780**		**619**	**3,161**	**30 Frauds 183 Errors £92,831**

8 NATIONAL ANTI FRAUD NETWORK (NAFN) DATA AND INTELLIGENCE SERVICES

8.1 A separate report regarding NAFN Data and Intelligence Services is on the agenda.

9 RECOMMENDATION

9.1 See front of the report

INTERNAL AUDIT PLAN 2021/22 - QUARTER 2 PROGRESS REPORT **APPENDIX 1**

Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
CHILDREN'S						
Supporting Families	0.00	15.00	9.14	5.86	Work in Progress	
Safeguarding	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Childrens Homes	5.00	0.00	0.00	0.00	See Children's Homes Audit Below	
Fostering	15.00	26.00	23.51	2.49	Work in Progress	
Conference and Review Process	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Transition of Clients From Childrens to Adults Services	15.00	15.00	2.19	12.81	Q3/4	
Control Report - Agency Workers Timesheets	1.50	4.50	2.99	1.51	Draft Report Issued	
Procurement of Placements for Children	1.00	4.56	4.16	0.40	Draft Report Issued	
Procurement of Placements - Monitoring of Contracts etc.	0.00	15.00	0.00	15.00	Q3/4	
Childrens Homes - Review of Expenditure	4.50	9.56	8.31	1.25	Draft Report Issued	
PAR - Budgetary Control and Financial Management	1.00	3.88	3.88	0.00	Completed	
ICS Early Help Module	10.00	10.00	0.00	10.00	Q3/4	
Planning and Control	5.00	11.54	6.54	5.00	Ongoing	
Advice and Support	2.00	8.12	5.12	3.00	Ongoing	
TOTALS - CHILDREN'S	**90.00**	**123.16**	**65.84**	**57.32**		
CHILDREN'S SCHOOLS/LEARNING						
Aries Primary and Nursery	6.00	6.00	0.94	5.06	Work in Progress	
Millbrook Prim and Nursery	6.00	6.00	0.90	5.10	Draft Report Issued	
Russell Scott Primary	6.00	6.00	0.00	6.00	Q3/4	
Livingstone Primary	6.00	6.00	0.00	6.00	Q3/4	
Aldwyn Primary	6.00	6.00	0.00	6.00	Q3/4	
Corrie Primary and Nursery	6.00	6.00	0.00	6.00	Q3/4	
Milton St Johns C E Primary	6.00	9.08	9.08	0.00	Final Report Issued	High
St Pauls R C Primary and Nursery Hyde	6.00	6.00	0.00	6.00	Q3/4	
St Peters RC Primary and Nursery Stalybridge	6.00	6.00	0.00	6.00	Q3/4	
St Raphaels R C Primary	6.00	10.90	8.42	2.48	Draft Report Issued	
Holy Trinity C E Primary	6.00	7.00	1.30	5.70	Work in Progress	
St Josephs R C Primary and Nursery	6.00	6.00	0.00	6.00	Q3/4	
Thomas Ashton Primary and Secondary	10.00	10.00	0.00	10.00	Q3/4	
Samuel Laycock School	10.00	1.18	1.18	0.00	On Hold	
St James R C Primary and Nursery Hattersley Hyde	0.60	1.64	1.64	0.00	Final Report Issued	Medium

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Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
PAR - St Stephens C E Primary Audenshaw	0.25	0.70	0.70	0.00	Completed	
PAR - Greswell Primary and Nursery	0.15	0.60	0.60	0.00	Completed	
PAR - St James Hattersley		1.25	0.00	1.25	Q3/4	
PAR - Broadbent Fold Primary	1.00	2.48	1.98	0.50	Work in Progress	
PAR - Oakdale Primary	1.50	1.60	1.60	0.00	Completed	
PAR - Audenshaw Primary School	1.00	0.90	0.90	0.00	Completed	
PAR - Canon Burrows C E Primary	2.00	2.48	1.73	0.75	Work in Progress	
PAR - Hurst Knoll		1.25	0.00	1.25	Q3/4	
PAR - Milton St John		1.00	0.00	1.00	Q3/4	
Planning and Control	10.00	14.53	9.53	5.00	Ongoing	
Advice and Support	10.00	10.00	2.64	7.36	Ongoing	
Post Audit Reviews	9.00	0.00	0.00	0.00	Allocated	
TOTALS - SCHOOLS/LEARNING	**127.50**	**130.59**	**43.14**	**87.45**		
ADULTS						
PAR - Locality Teams - Care Management	0.15	0.60	0.60	0.00	Completed	
Contract Monitoring - Care Homes	8.85	13.00	8.38	4.62	Work in Progress	
Home Care	0.00	0.00	0.00	0.00	Deferred/Rescheduled	
Safeguarding - Adult Services	15.00	20.00	7.49	12.51	Work in Progress	
Out Of Hours	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Budgetary Control and Financial Management	15.00	15.00	0.00	15.00	Q3/4	
PAR - Homemaker Service	0.00	0.40		0.40	Work in Progress	
Learning Disabilities Client Accounts	15.00	21.00	19.93	1.07	Draft Report Issued	
Planning and Control	5.00	5.00	1.42	3.58	Ongoing	
Advice and Support	5.00	5.00	1.91	3.09	Ongoing	
Post Audit Reviews	8.00	0.00	0.00	0.00	Allocated	
TOTALS - ADULTS	**87.00**	**80.00**	**39.73**	**40.27**		
POPULATION HEALTH						
Contract Monitoring - Sexual Health	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Planning and Control	3.00	3.00	0.35	2.65	Ongoing	
Advice and Support	1.00	1.00	0.00	1.00	Ongoing	
Post Audit Reviews	2.00	0.00	0.00	0.00	Not Required	
TOTALS - POPULATION HEALTH	**21.00**	**4**	**0.35**	**3.65**		

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Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
PLACE						
Post Payment Assurance - Discretionary Business Grants	10.00	10.00	5.43	4.57	Work in Progress	
Processing Grants	0.00	4.40	4.40	0.00	Completed	
Hattersley Collaboration Agreement 20/21	6.00	6.00	0.28	5.72	Work in Progress	
Monitoring of the Facilities Management Contract	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Monitoring Of The Catering Contract	15.00	15.00	0.00	15.00	Q3/4	
Building Control	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Hattersley Collaboration Agreement	3.30	9.00	7.65	1.35	Draft Report Issued	
PAR - Section 106 Agreements/Levies	0.70	1.60	0.97	0.63	Work in Progress	
PAR - Capital Projects - Education	0.00	3.00	0.00	3.00	Q3/4	
PAR - Planning Process	1.00	3.87	3.87	0.00	Completed	
Capital Project - Control Report - Hyde Community College	1.00	12.00	10.02	1.98	Draft Report Issued	
System Sign Off - Transys	6.75	6.75	0.52	6.23	Work in Progress	
Control Report - Waste Collection	0.25	0.20	0.20	0.00	Final Report Issued	N/A
Homelessness	15.00	15.00	0.00	15.00	Q3/4	
Welfare Rights - System Sign Off	5.00	5.00	0.00	5.00	Q3/4	
Bereavement Services	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Procurement	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Local Authority Bus Subsidy Grant	2.00	2.33	2.33	0.00	Completed	
PAR - Waste Collection	0.00	1.50	0.00	1.50	Q3/4	
PAR - Provision of the Integrated Transport Service	0.00	3.00	0.00	3.00	Q3/4	
Control Report - A Bed Each Night (ABEN)	0.00	4.00	2.49	1.51	Draft Report Issued	
System Sign Off - Taxi Compliance Booking System	0.00	5.50	3.09	2.41	Work in Progress	
Planning and Control	10.00	10.00	4.33	5.67	Ongoing	
Advice and Support	9.00	9.00	1.92	7.08	Ongoing	
Post Audit Reviews	18.00	0.00	0.00	0.00	Allocated	
TOTALS - PLACE	**163.00**	**127.15**	**47.50**	**79.65**		
GOVERNANCE						
Post Payment Assurance - Business Grants	20.00	15.00	7.40	7.60	Work in Progress	
Capita System Review	0.00	5.00	0.00	5.00	Q3/4	
Planning and Control	5.00	5.00	2.20	2.80	Ongoing	
Advice and Support	5.00	5.00	2.19	2.81	Ongoing	

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Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
Post Audit Reviews	4.00	0.00	0.00	0.00	Allocated	
PAR - Control Report - NNDR Fraud	1.50	2.00	1.56	0.44	Work in Progress	
PAR - Determination and Recovery of ASC/Support Charges	2.50	7.99	5.72	2.27	Work in Progress	
Debtors Full System	15.00	15.00	0.00	15.00	Q3/4	
Housing Benefits	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Council Tax Full System	15.00	25.00	18.38	6.62	Work in Progress	
Softbox System Sign Off	0.00	8.42	8.42	0.00	Completed	
PAR - Payroll System	1.50	1.50	0.42	1.08	Work in Progress	
Planning and Control	5.00	6.06	4.06	2.00	Ongoing	
Post Audit Reviews	3.50	0.00	0.00	0.00	Allocated	
Advice and Support	20.00	10.40	7.40	3.00	Ongoing	
i TRENT Self Service	3.00	2.90	2.90	0.00	Work in Progress	
External Audit Checks - Payroll	10.00	0.00	0.00	0.00	Support not Required	
Registrars (Births, Deaths and Marriages)	5.00	8.25	5.75	2.50	Work in Progress	
Members Allowances - Publication	3.00	3.10	2.60	0.50	Completed	
ATS - Applicant Tracking System - Greater Jobs	5.00	0.00	0.00	0.00	Deferred/Rescheduled	
PAR - Softbox	0.00	1.60	0.90	0.70	Work in Progress	
PAR - Liquid Logic	0.00	0.30	0.30	0.00	Completed	
Procure to Pay System	0.00	0.49	0.49	0.00	Final Report Issued	Medium
PAR - Procure to Pay	0.00	1.50	0.00	1.50	Q3/4	
Capita One System	15.00	15.00	0.00	15.00	Q3/4	
Duplicate Payment Exercise	3.00	4.43	3.43	1.00	Ongoing	
Car Allowances Annual Review	2.00	2.00	0.00	2.00	Q3/4	
Project Assurance Work	10.00	0.00	0.00	0.00	Days Reallocated	
Term Time Only New Calculations	0.00	10.50	0.00	10.50	Q3/4	
Monthly Data Collection Teachers Pensions Phase 2	2.00	2.00	0.00	2.00	Q3/4	
Planning and Control	3.00	3.00	1.91	1.09	Ongoing	
Post Aduit Reviews	2.00	0.00	0.00	0.00	Allocated	
Data Quality across Systems (YOT/Adults/Waste)	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
ICS Data Checks	15.00	3.78	3.78	0.00	Cancelled	
IG Assurance work	0.00	2.00	0.00	2.00	Q3/4	
Support to Transformation Team	0.00	20.00	0.00	20.00	Q3/4	
TOTALS - GOVERNANCE	**206.00**	**187.22**	**79.81**	**107.41**		

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Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
FINANCE						
PAR - Income Management	0.00	0.20	0.20	0.00	Completed	
Achievement of Savings Plans	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
VAT	15.00	1.53	1.53	0.00	Deferred/Rescheduled	
Monitoring of Capital Programme	15.00	15.00	0.00	15.00	Q3/4	
Treasury Management	15.00	14.50	12.75	1.75	Work in Progress	
Fixed Assets	15.00	15.00	0.00	15.00	Q3/4	
George Byron Trust Audit of Accounts	1.00	1.00	0.00	1.00	Q3/4	
External Audit Checks - General Expenditure	10.00	0.00	0.00	0.00	Support not Required	
Risk Management	15.00	15.00	0.00	15.00	Q3/4	
Information Governance	15.00	15.00	0.00	15.00	Q3/4	
Review of Financial Regulations	0.00	4.25	4.25	0.00	Completed	
PAR - Review of Financial Systems - General Ledger	1.50	1.89	0.89	1.00	Work in Progress	
Cooperative Network Infrastructure (CNI)	8.00	20.24	12.24	8.00	Work in Progress	
Second PAR - Cyber Security Review	1.00	2.03	2.03	0.00	Completed	
PAR - Third Party Supplier Management	0.00	1.60	1.35	0.25	Work in Progress	
Network Management	3.00	3.50	0.60	2.90	Work in Progress	
Access Control Management	5.00	5.50	2.57	2.93	Work in Progress	
Vulnerability Management	5.00	7.00	7.00	0.00	Work in Progress	
ICT Business Continuity and Disaster Recovery	16.00	14.00	2.00	12.00	Work in Progress	
Physical and Environmental Controls	5.00	5.50	0.77	4.73	Work in Progress	
Planning and Control	10.00	11.43	6.26	5.17	Ongoing	
Post Audit Reviews	14.50	0.00	0.00	0.00	Allocated	
Advice and Support	9.00	9.00	2.91	6.09	Ongoing	
TOTALS - FINANCE	**194.00**	**163.17**	**57.35**	**105.82**		
GM PENSION FUND						
Treasury Management	0.00	10.00	8.56	1.44	Work in Progress	
Debtors	15.00	10.00	0.00	10.00	Q3/4	
Agresso Project	10.00	0.00	0.00	0.00	Deferred/Rescheduled	
Website Security (Salford)	7.00	5.00	0.00	5.00	Q3/4	
Changes in LGPS Regulations	15.00	0.00	0.00	0.00	Cancelled	
Contact Centre (Salford)	10.00	10.00	0.00	10.00	Q3/4	
Property Transfer	15.00	5.00	0.00	5.00	Q3/4	

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Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
PAR - Creditors	0.00	0.21	0.21	0.00	Completed	
Investigation of Fraud and Irregularities/NFI	5.00	7.00	5.00	2.00	Ongoing	
Creditor Supplier Closure Routine	0.00	0.50	0.00	0.50	Q3/4	
Treasury Management workflow Sign Off	0.00	0.50	0.00	0.50	Q3/4	
Smarter Scan and Print me Sign off	0.00	1.75	0.00	1.75	Q3/4	
PAR - First Bus Asset Transfers	1.00	1.10	1.10	0.00	Completed	
Capital Call Execution Service	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Fund Manager - Sci Beta	10.00	10.00	0.00	10.00	Q3/4	
Local Investments - GMPVF	6.00	12.12	9.98	2.14	Draft Report Issued	
Northern Private Equity Partnership - NPEP	15.00	15.00	0.28	14.72	Work in Progress	
New Custodian - Northern Trust	0.00	0.69	0.69	0.00	Final Report Issued	High
Fund Manager - Stone Harbor	1.00	9.00	8.44	0.56	Draft Report Issued	
Compliance Function	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
iConnect - Monthly Data Collection (Post Imp Review)	15.00	15.50	7.31	8.19	Work in Progress	
Restructure - Probation Service	5.00	1.00	0.59	0.41	Work in Progress	
Cyber Security (Salford)	5.00	5.00	5.00	0.00	Draft Report Issued	
MS 365	5.00	5.00	3.00	2.00	Work in Progress	
My Pension	5.00	5.00	3.55	1.45	Draft Report Issued	
Sharepoint-One Drive (Salford)	6.00	6.00	0.00	6.00	Q3/4	
Local Disposal of Computer Waste	0.00	1.00	0.00	1.00	Q3/4	
AVC's (Contracts with Third parties)	15.00	15.00	0.31	14.69	Work in Progress	
Employer Agreements (Covenants)	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Ill Health Insurance Arrangement	0.00	3.90	3.90	0.00	Final Report Issued	High
Visit To Contributing Body - Salford CC (Consultancy)	0.00	0.91	0.91	0.00	Final Report Issued	N/A
PAR - Salford	0.00	1.50	0.00	1.50	Q3/4	
Visits to Contributing Bodies - Jigsaw Homes	0.00	3.16	3.16	0.00	Final Report Issued	Low
PAR - Retirement Process	1.00	1.72	1.72	0.00	Completed	
PAR - Information Governance/GDPR	1.50	4.25	3.29	0.96	Work in Progress	
Visit To Contributing Body - Tameside MBC	0.00	10.00	8.76	1.24	Work in Progress	
iConnect - Oldham Onboarding	0.00	18.94	18.94	0.00	Completed	
iConnect - Oldham April File	0.00	3.00	0.00	3.00	Work in Progress	
iCconnect - Oldham - Second File	0.00	2.00	0.00	2.00	Q3/4	
PAR - Visits to Contributing Bodies - Jigsaw Homes	1.50	2.25	1.60	0.65	Work in Progress	
Visit To Contributing Body - Trafford Council	8.00	8.00	1.28	6.72	Work in Progress	

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Name of Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Q2	Variance	Status	Level of Assurance
PAR - Transfers to Defined Contribution Schemes	1.00	1.00	0.63	0.37	Work in Progress	
PAR - Pension Benefits Payable	1.00	1.50	0.42	1.08	Work in Progress	
PAR - Visit to Contributing Body - University of Bolton	1.00	1.00	0.63	0.37	Work in Progress	
2nd PAR - Creditor Payments	0.00	1.00	0.00	1.00	Q3/4	
Information Security Incidents	5.00	0.00	0.00	0.00	Work now undetaken by IG Team	
Visits to Contributing Bodies	27.00	30.00	10.80	19.20	Work in Progress	
Planning and Control	20.00	20.00	14.43	5.57	Ongoing	
Advice and Support	15.00	14.00	10.00	4.00	Ongoing	
Post Audit Reviews	7.00	0.00	0.00	0.00	Allocated	
Advice and Support - NFI follow up work	0.00	5.00	1.18	3.82	Work in Progress	
Advice and Support - IKEN Sign Off	0.00	15.50	12.27	3.23	Work in Progress	
TOTALS - GM PENSION FUND	**300.00**	**300.00**	**147.94**	**152.06**		
CROSSCUTTING						
RMBC STAR Audit - New Supplier Set Up	0.00	0.14	0.14	0.00	Completed	
Domestic Abuse - Contract Monitoring	15.00	16.00	4.21	11.79	Work in Progress	
Direct Payments	15.00	20.00	0.00	20.00	Q3/4	
GMCA - Mandatory Grant Certification	20.00	0.00	0.00	0.00	Not Required	
Recruitment and Selection	15.00	0.00	0.00	0.00	Deferred/Rescheduled	
Procurement	15.00	15.00	0.00	15.00	Q3/4	
Post Audit Reviews	4.00	0.00	0.00	0.00	Not Required	
TOTALS - CROSSCUTTING	**84.00**	**51.14**	**4.35**	**46.79**		
TOTAL PLANNED DAYS 2021/22	**1272.5**	**1166.43**	**486.01**	**680.42**		
COUNTER FRAUD AND INVESTIGATIONS	**393.00**	**418.00**	**222.00**	**196.00**		
TOTAL DAYS FOR 2021/22	**1665.5**	**1584.43**	**708.01**	**876.42**		

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Report To:	**AUDIT PANEL**
Date:	9 November 2021
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	**AUDIT PANEL FORWARD PLAN AND TRAINING**
Report Summary:	The report sets out the updated forward plan and training programme for the Audit Panel for 2021/22 and 2022/23.
Recommendations:	Members are asked to: 1) Approve the updated work programme, including training, as set out in **Appendix 2**; and 2) Note the core functions outlined in Section 2 of the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018 and consider whether any further training would be beneficial for the Audit Panel.
Corporate Plan:	The functions of the Audit Panel support the operations of the Council, which deliver the objectives of the Corporate Plan.
Policy Implications:	An effective Audit Committee supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	An effective Audit Committee supports corporate governance, internal control, risk management and arrangements to ensure value for money.
Legal Implications: (Authorised by the Borough Solicitor)	An effective work plan and training should minimise the risk of successful regulatory, judicial and ombudsman challenge against the council whilst at the same time continuing to drive improvements in service delivery.
Risk Management:	The Audit Committee supports effective risk management and internal control arrangements across the Council.
Access to Information:	This report is to be considered in public.
Background Papers:	The background papers relating to this report can be inspected by contacting Wendy Poole. Telephone: 0161 342 3846 e-mail: wendy.poole@tameside.gov.uk

1. BACKGROUND

1.1 The Audit Panel is the Committee of Tameside Council that undertakes the role of the Audit Committee. The terms of reference for the Audit Panel are listed in **Appendix 1**.

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

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

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

3. FORWARD PLAN

3.1 To assist the Audit Panel with delivering its terms of reference, officers have prepared the updated work plan for 2021/22 and 2022/23, which sets out the areas that should be considered by the Audit Panel. The work plan outlined in **Appendix 2** has been updated to remove September 2021 and include March 2023.

3.2 The forward plan also 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 WORK PLAN AND TRAINING FOR AUDIT PANEL

APPENDIX 2

November 2021	March 2022	June 2022	July 2022	November 2022	March 2023
Financial Reporting and Accounts					
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)		Accounting Policies and Critical Judgements
Treasury Mid-Year review	Treasury Strategy		Treasury Outturn Report	Treasury Mid-Year review	Treasury Strategy
External Audit Appointment Update 2023/24					
Internal Audit					
Internal Audit Progress Report Q2	Internal Audit Progress Report Q3		Internal Audit Progress Report Q1	Internal Audit Progress Report Q2	Internal Audit Progress Report Q3
	Risk Management and Audit Services Planned Work 2022/23	Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22			Risk Management and Audit Services Planned Work 2023/24
		Review of Internal Audit 2021/22			
		External Audit Assurance Letters from Management and TCWG 2021/22			
			National Fraud Initiative (NFI) 2020 Summary Report		

November 2021	March 2022	June 2022	July 2022	November 2022	March 2023
NAFN Data and Intelligence Services Annual Report			NAFN Data and Intelligence Services Annual Report	NAFN Data and Intelligence Services Annual Report	
External Audit					
Audit Findings Report (ISA260)	External Auditor Annual Report	Audit Strategy Memorandums	Audit Findings Report (ISA260)	External Auditor Annual Report	
Risk Management					
Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review Risk Management Report		Corporate Risk Register Review	Corporate Risk Register Review
Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)		Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)
Internal Control and Governance Environment					
	Procurement Update		Procurement Update	Procurement Update	
		Review against the Code of Corporate Governance			
Annual Governance Statement 2020/21 (Approval)	Annual Governance Statement Improvement Plan Update	Draft Annual Governance Statement 2021/22	Annual Governance Statement 2021/22 (Approval)	Annual Governance Statement Improvement Plan Update	Annual Governance Statement Improvement Plan Update
Work Plan					
Forward Plan	Forward Plan		Forward Plan	Forward Plan	Forward Plan

November 2021	March 2022	June 2022	July 2022	November 2022	March 2023
Training					
Training – Accounts	Training – To Be Determined	Training – To Be Determined	Training – Accounts	Training – To Be Determined	Training – To Be Determined
Other					
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)

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Report to:	**AUDIT PANEL**
Date:	9 November 2021
Reporting Officer:	Kathy Roe – Director of Finance Martin Nixon – Risk, Insurance and Information Governance Manager
Subject:	**CORPORATE RISK REGISTER REVIEW**
Report Summary:	To present the Corporate Risk Register detailed at **Appendix 1** for comment and approval.
Recommendations:	Members consider and approve the Corporate Risk Register attached at **Appendix 1.**
Corporate Plan:	Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents.
Policy Implications:	Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the statutory Section 151 Officer & Chief Finance Officer)**	Effective risk management assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum.
Legal Implications: **(Authorised by the Borough Solicitor)**	The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (amended 2016): 'A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk'. Regularly reviewing the Council's arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility. Risk management can relate to legal aspects of the council's business, however, the content of this report does not have any specific legal implications. Legal risks to the organisation are incorporated in the Service plans risk registers. This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.
Risk Management:	Failure to manage risks will impact on service delivery, the achievement of objectives and the Council's Medium Term Financial Plan.

Access to Information: The background papers relating to this report can be inspected bycontacting Martin Nixon, Risk, Insurance and Information Governance Manager.

Telephone: 0161 342 3883

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

1. INTRODUCTION

1.1 The report presents the revised and updated Corporate Risk Register for comment, challenge and approval. The report was presented to the Senior Leadership Team on 2 November 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 June 2021 and October 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 and Council working practices have returned to some normality following the lifting of Covid-19 restrictions during the UK roadmap out of lockdown in early 2021. Risk scores across the Corporate register have reduced further following the increases experienced during the 2020 lockdown, as demonstrated by the 'heat map' comparisons provided under item 3.6.

3.4 The key developments in the risk register following review in October are summarised below.

Risk	Comment	Risk Rating June 2021	Risk Rating Oct 2021
1	**Risk the Council is unable to deliver it's Medium Term Financial Plan** The position remains very challenging and requires an unrelenting focus on actioning savings and achieving value for money in all Service areas.	20	15
4	**The property portfolio rationalisation necessary for the delivery of appropriate council wide services is not delivered** The integrated asset management plan is in place and key members of the Strategic Asset team have started their employment.	12	9
6	**Failure to ensure effective services in Children's which are highly regarded by regulators, and that robust improvement plans are in place.**	16	16

Risk	Comment	Risk Rating June 2021	Risk Rating Oct 2021
	Tameside receives the lowest level of SEND funding in Greater Manchester. This resource gap is causing a significant pressure.		
8	**Negative impact of Coronavirus on health and wellbeing objectives.** Measures to contain the transmission of the virus continue. Tameside continues to be an area of enduring Covid-19 transmission with high rates continuing.	25	25
18	**Failure to ensure there are sufficient high quality school places.** High quality collaborative work with school leaders is supporting plans to increase places in specialist and secondary provision.	16	12
21	**Failure to prevent or detect acts of significant fraud or corruption.** Fraud figures in general across the Council are fairly low as controls are in place across services to reduce the likelihood of fraud. External Fraud in relation to Grants and other benefits paid has increased recently however.	12	9

3.5 This analysis shows that there are currently a total of 7 Red risks across the register. When compared to the 19 Red risks reported in May 2020 it can be seen that we are approaching the pre-Covid level of 4 Red risks in October 2019.

3.6 The Corporate risk scores are summarised in the risk heat maps below:-

Heat Map 1 – June 2021 (23 Risks)

	Impact level				
Likelihood	**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**	

Heat Map 2 – October 2021 (23 Risks)

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

4. RECOMMENDATIONS

4.1 As set out on the front of the report.

Corporate Risk Register - OCTOBER 2021

Appendix 1

Corporate Plan Theme	Risk No.	Risk Description	Description of impact	Risk Category	Inherent Impact Score	Inherent Likelihood Score	Inherent Risk Rating (Impact x Likelihood)	Controls in place to mitigate risk	Evaluation of controls	Residual Impact score	Residual Likelihood score	Residual Risk rating (Impact x Likelihood)	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	Updated position and other comments
Starting Well Living Well Ageing Well Great Place Inclusive Growth	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.	The corporate savings requirements are not fully understood by the services and the planned service redesigns and savings are not achieved. The full implications of reduced service provision needs to be understood to ensure that a reduction in one area does not cause a cost pressure in another . Staffing cuts, overspends, complaints and reputational damage. Failure to achieve savings targets within timescales will push future years cost pressures up, impacting on future budget reductions. Failure to manage demand in service areas placing further pressures, which is driving most of the projected budget gaps. Failure to collect sufficient council tax and business rates will undermine the resources available to deliver front line services. Changes to the funding formula could significantly reduce available funding.	Economic	5	5	20	Budget report presented to Council in February. From 2018/19 the MTFP has been refreshed 3 times a year as part of the financial update reports that include the monitoring of the revenue budget position. Both the revenue financial update and capital monitoring are reported to SLT, Board and Executive Cabinet. In year budget variances will be categorised between savings plans not being delivered and additional pressures, so full visibility is given as to the origin of any problems. Recovery plans will be put in place. All managers issued with a budget book which sets out their approved budgets and associated resources. Budget cycle starts in March with a star chamber and budget strategy being considered by SLT in March. Corporate projects and priorities will be affirmed through this process with regular update reports throughout the year for SLT and Board. CDT sessions to ensure managers aware of the financial outlook and importance of achieving savings targets. Board Business Day covers the financial savings needed and strategies to deliver.	Effective	5	3	15	⇩	Kathy Roe	Caroline Barlow	The position within demand led services continue to be very difficult, particularly with the impact of the Covid-29 pandemic. The Council has made good progress in achieving the savings target that it has set itself and is committed to achieving more as required. There has been some positive progress in relation to some of the assumptions within the MTFP, however the position remains very challenging and requires an unrelaenting focus on actioning savings and achieving value for money in all areas.
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.	Loss or disruption of services internally and to the community. Loss or corruption of data, which could generate financial implication for reconstitution or additional staff hours to re-establish backups. Whilst systems not functioning fully it provides an opportunity for malicious or criminal abuse of data or systems. Reduction in morale by staff due to inability to carry out role effectively. Reputational damage with the Community as unable to deliver services as required.	Political, Technological	4	5	20	Security policy and procedures, physical secure data centre with regular access review, managed, resilient and secure network infrastructure, back up and restore systems, appropriately experienced and qualified technical staff. Work on a new purpose built Data Centre in Ashton Old Baths is underway. The facility will co-locate Council and NHS systems. A DR facility in the hospital Data Centre is also under way. Work is also underway to put in place a new high speed high resilience network based on the Councils dark fibre infrastructure. As part of the transition from the current Update LAN/WAN service to the new network the support and management of LAN/WAN security will be taken back in-house. As part of this project all the council cyber security and resilient hardware and software is being updated. A second resilient data link to the Data Centre at Rochdale is being commissioned and will ensure that Council systems hosted there will remain accessible should their be a failure to the main link.	Partially effective	3	4	12	⇨	Kathy Roe	Tim Rainey	Deployment of Office 365 is now underway with the initial Teams Meeting First functionality in place. The initial project timeline for rolling out the wider Office 365 product sets including SharePoint, telephones and the latest MS Office software assumed that additional resources would be in place. THis additional capacity will not only manage the new functionality being, but also ensure appropriate training and ongoing support is in place. Failure to do would introduce significant delays to the programme and would heighten the risk that benefits of this new software are not 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.	Market management is a requirement of the Care Act. Failure to ensure sufficient supply of good quality home care services could place individuals at risk. There is also a significant impact on the whole health economy if individuals remain in hospital beds because a care package cannot be commissioned. There is financial impact for the economy and reputational risk for the authority.	Social, Legislative, Economic, Political	4	4	16	Tender has been undertaken and new contract/providers are now in place. New model is being rolled out and is expected to improve outcomes and reduce demand on services.	Partially effective	4	3	12	⇨	Stephanie Butterworth	Sandra Whitehead	Capacity/vacancy levels remain consistent in care homes. Providers are raising concerns about their ability to sustain services at the current fee levels. They are experiencing increases in insurance costs and in the costs of gas and electric. Work is underway to calculate the cost of care for 2022-23 care home fees. There is anecdotal evidence that staff who were recruited during lockdown have started to go back to their previous 'pre-COVID' roles, which appears to be a national issue. The ending of summer break has helped providers with capacity as some care workers are now fully available for work with schools re-opening after the summer holiday. Work is underway to recruit to additional staff in the 'in-house' long term support service to ensure there is capacity to act as 'provider of last resort' - recruitment is proving difficult. Plans underway for a Jobs Fair and working with the ICFT to jointly recruit to care posts. Also reviewing the cost of care model and understanding the cost of increasing the hourly rate of pay in commissioned services by £2ph to match rates in the hospitality sector.
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.	The Council will have an unnecessary financial burden in respect of unoccupied or under used properties. There will be a lack of funds to meet the demands of the Capital Programme. Impact on our ability to lever in external funding which requires us to match fund. It would make it difficult to meet our Medium Term Financial Strategy.	Economic	4	5	20	A disposal currently via a key decision, pending a Strategic Asset Management Plan being put in place	Partially effective	3	3	9	⇩	Ian Saxon	Paul Smith	The integrated asset management plan is in place and key members of the Strategic Asset team have started their employment. Though recruitment in some roles is still problematic.
Starting Well	5	Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision.	Service disruption, litigation, loss of public confidence and reputational damage. Negative impact on the service user's life and wellbeing. Financial consequences from having a disproportionate number of children in care.	Political, Legislative, Stakeholders	5	3	15	Tameside's Safeguarding Children's Board operating effectively. Procedures and guidance in place. Partnership arrangements, information sharing protocols etc. in place. Risk Assessments carried out. Internal and external inspections of services (including schools and private providers) DBS Checks on staff, staff supervision record keeping and training in place. Partnership working with GMP and schools with Project Phoenix (CSE). Quality Assurance and Auditing	Partially effective	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 (ILACS, LAR, YJS etc.) which are highly regarded by regulators and that robust improvement plans are in place NB. likelihood of 4 is driven by SEND	Service disruption, loss of public confidence and reputational damage. Potential for government intervention. Negative impact on service users.	Political, Legislative, Stakeholders	5	5	25	Improvement plans in place for CSC and SEND. Overseen by Children's Improvement Board and SEND Improvement Group. Regular updates provided to elected members.	Partially effective	4	4	16	⇨	Richard Hancock	Tim Bowman	This risk remains high. Tameside receives the lowest level of SEND funding in Greater Manchester. Tameside's funding is being capped by the Government. This cap costs Tameside £3m a year. This resource gap is causing a significant pressure. The impact of COVID has been significant on SEND health services and has caused an increase in demand for statutory assessment.
Corporate Support and Enabling Services	7	Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation.	Increased likelihood of accidents and work related ill health. Costs, claims and the likelihood of prosecution. Health and safety policies and procedures are out of date and a significant amount of work is required to review and update them. Failure to comply with health and safety legislation, including regulations which are specific to management of the estate such as the Control of Asbestos Regulations 2012. Failure to support managers in the day to day management of health and safety.	Legislative	4	5	20	Currently one Health & Safety Manager and one Health & Safety Advisor.	Partially effective	4	2	8	⇨	Ian Saxon	Sharon Smith	The organisation is still facing increased health and safety risks as a result of the pandemic. Risk assessments are continuously reviewed. New risk assessments have been completed and controls put in place as some locations for office based working are reintroduced. Aside from the pandemic, the Health and Safety Team are carrying out Service Audits to ensure that appropriate Safety Management systems are in place, are being applied and have not been ignored or forgotten in the shadow of the pandemic. Significant work is being done around Stress, with procedures for reducing the risk of stress in our workforce having been updated and introduced to Managers and School Leadership Teams through webinars. Accident and incident reports continue to be closely monitored with the Health and Safety Team assisting in accident investigations as necessary and reporting on any recommendations towards improvements that need to be put into effect.
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.	Changes in Government guidance, local lockdowns or other changes required in response to spikes in Covid19 infection rates impact on the ability of the Council to influence and support communities to stay safe and healthy	Social, Economic, Stakeholders, Political	5	5	25	Corporate assurance processes are being implemented to ensure that comprehensive and robust risk assessments have been completed; creation of covid safe workplaces, a safe workforce and safe processes have been implemented. Covid-19 Working Group in place meeting weekly with supporting cells for data, school and education, test & trace, compliance and humanitarian support. Development, maintenance and implementation of Tameside Outbreak Control Plan and outbreak/cluster guidance. Comms plan in place. Community strategy for testing (PCR and LFT) and outreach to under represented groups and groups disproportionately impacted by Covid. Self isolation and welfare support available. Covid Champions and Ambassadors in place.	Partially effective	5	5	25	⇨	TBC	Debbie Watson	Measures to contain the transmission of the virus continue. Tameside continues to be an area of enduring Covid-19 transmission with continued high rates, in particular in the school aged population, and the public health team are managing multiple outbreaks. The government has published the 'COVID-19 Response - Autumn and Winter Plan 2021' setting out plans for autumn and winter 2021/22 in England including a move to 'Plan B' should that be required due to impact on the NHS. Local planning underway to prepare for this scenario. The COVID-19 booster campaign is currently underway. The booster vaccine will be available on the NHS for people most at risk from COVID-19 who have had a 2nd dose of a vaccine at least 6 months ago. Young people aged 12 to 15 are currently being offered a single dose of a COVID-19 vaccine. The NHS seasonal flu campaign also is underway.

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.	Service disruption, litigations, loss of public confidence and reputational damage. Personal liability of members and / or officers. Negative impact on the service user's life and wellbeing.	Social Legislative Economic Political	5	4	20	Manuals and protocols, Health and Safety training, risk assessments, robust records and systems of inspection, Internal Audit review processes. Full evaluation of changes to service provision undertaken including consultation where appropriate and EIA's. Effective multi-agency Safeguarding Partnership now statutory Board under Care Act legislation.	Effective	3	3	9	⇨	Stephanie Butterworth	Sandra Whitehead	Social distancing, infection prevention and control measures to protect staff and the individuals supported remain in place. Protocols, records, systems of inspection and risk assessments continue to be utilised to control safeguarding risks. While generally based from home staff are now routinely visiting people in care homes and at home so are in a much better position to pick up on wider issues and concerns that may result in safeguarding concerns - these wider issues are not always identified on phone or video calls. The COVID booster programme is underway for all care home residents, social care staff and vulnerable over 50s. This will further protect staff teams and vulnerable users of services. Safeguarding Lead is now in post who is reviewing the LA safeguarding compliance and processes to ensure maximum effectiveness.
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.	Overspending and overstretching of staff due to increased demand, following cuts in Adults and other service areas. Changes to eligibility criteria to 'ration' services may result in reduction of care and support for some, which may have a detrimental effect on health and wellbeing of service users.	Social Legislative Economic Political	4	4	16	Regular review of eligibility criteria, development of prevention strategy to support more people at a lower level of need to prevent dependency on services. Care Together programme, including the development of the ICO is the primary vehicle to develop self-managing and sustaining communities, delivering the right care at the right time to maintain people at home wherever possible.	Effective	4	3	12	⇨	Stephanie Butterworth	Sandra Whitehead	ASC continues to understand current and future demand for services. Improved systems and linkages with Children's Services through the Preparing for Adulthood Lead will ensure that there is good quality intelligence to inform future budget setting, identifying pressures and the type and level of accomodation and local services that are required. This work is underway and is being well supported by Finance colleagues. Regardless of the level of planning and development of services, there are expensive placements costs that will place pressure on budgets e.g. a new care package will become the responsibility of ASC in March 2022 at a cost of £13,000 per week. Care home placmeents and home care requirements are demand led, so as the complexity of demand increases, so does the cost of formal interventions.
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.	Disruption to service delivery. Reputational damage both regionally and nationally. Financial implications due to compensation claims and costs of putting right damaged caused. Investigation by Information Commissioner, with potential for monetary penalties and enforcement action and any associated financial implications.	Legislative	5	5	25	Information Governance Framework on the Staff Portal. Docuemnts are currently being updated and a refreshed webpage being created. Guidance availatbe from Information Governance Team, Legal and Executive support for FOIs and SARs. Mandatory training delivered in 2020 and 2021 relating to data protection and cyber security. DPIA'S undertaken and reviewed for new systems/processes involving personal data. Support from IT Services to assess supplier/cyber risks in relation to new projects. Information Governance Group chaired by the DPO and Information Champions Group meeting every 2 months. IG Work Plan in place and being monitored. Well established process in place for responding to potential data breaches. Email Retention Policy in place. Records Manager in place. IG Newsletter to be reinstsated	Effective	4	4	16	⇨	Sandra Stewart / Kathy Roe	Wendy Poole	The Information Governance Framework renamed as the Data Protection/Information Goverance Framework is currently being reviewed and updated to reflect best practice. Documents approved by the Audit Panel are currently being uploaded to a new webpage for dissemination. Work is ongoing with IT Services to review the technological based policies and procedures. The outcome of the Work Smart project will impact on these documents as decisions are made about future working models.
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.	Poor service delivery and increased costs. Legal challenges to contracts awarded would generate financial implications and potential service disruption. Reputational damage amongst suppliers and partners could impact on subsequent tenders and relationships.	Economic, Legislative	4	3	12	New shared service arrangement with STAR procurement, bringing professionally qualified procurement staff into the organisation. Procurement Standing Orders and guidance notes, being rewritten and updated through the constitution in May 2019. Following constitution changes full training will be rolled out. Internal Audit. Waivers Reports have to be approved by Finance and Legal, and reported on to SLT. Development and maintenance of contracts register, detailed spend analysis pointing to supplier efficiency and relevant market development, and allowing the proactive procurement planning of tenders. Strategic Commissioning Function established with TMBC and CCG.	Effective	3	3	9	⇨	Kathy Roe	Caroline Barlow	The relationship with STAR procurement and the Council continues to embed and, as this relationship develops the likelihood that contracts are let outside of contract procedure rules and the risks of not achieveing Value for Money continues to reduce.
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.	Reduced income due to reduction in Council Tax and NNDR payments. Increased potential for fraud. Less grant money available for critical infrastructure, employment, skills and business support. Increased claims for benefit and debt/housing assistance. Businesses fold and Tameside becomes less attractive to potential investors. Reduced capital receipts. Brexit could affect the ability for us to be a thriving, prosperous economy.	Economic	4	5	20	Robust monitoring and implementation of appropriate measures led by the Place Directorate. Influence Local Industrial Strategy, refreshed our economic evidence base and produced an Inclusive Growth Strategy and the implementation of this economic growth plan. Attendance at GMCA Meetings, the establishment of an Inclusive Growth Board in Tameside and continue to develop relationships between the business community and the Council. Proactive engagement with the GM Growth Company and wider Government Departments and Bodies. Relevant governance and key decision making process in place.	Effective	3	4	12	⇨	Ian Saxon	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 Living Well Ageing Well Great Place Inclusive Growth	14	Implementation of a GM Integrated Care System 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.		Economic, Stakeholders	5	5	25	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.	Partially effective	4	4	16	⇨	Steven Pleasant	Single Leadership Team	All localities have responded to 6 questions on the development of their local place based model. Sir Richard Leese has been appointed as Chair Designate of the Integrated Care Board (ICB). Work is underway on first draft of overarching GM ICS operating model. Latest ICS State of Readiness plans submitted to NHS England/NHS Improvement.
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.	Increased costs and delays to the building completion. Reputational risks and impact on key partners e.g. Wilkinson's, College and DWP.	Economic	5	3	15	The LEP entered into an Early Works Agreement with Robertson Construction. Executive Cabinet approved the completion plan on 20 June 2018 with additional £9.4 million funding. Project Board overseeing delivery with Director of Neighbourhoods as SRO. Additional project assurance provided by Cushman & Wakefield (C&W) (Independent Client Adviser) and Safer Cooper (Critical Friend). Robust early warning and authority notice of variation procedure implemented and monitored closely. All costs verified and / or challenged by C&W. Final programme and Cost to Complete reviewed on a regular basis.	Effective	5	2	10	⇩	Ian Saxon	Paul Smith	Citizens Advice Bureau being re-tendered. DWP have raised further queries on charges. College lease agreed and awaits completion. Wilkinsons lease in place.
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.	Loss of accommodation, key staff, IT services, records/information, equipment and key dependencies affecting normal (Business as Usual) service delivery. Unable to supply the legally required and identified emergency level of service to customers and service users. Loss of reputation regionally and nationally. Care in the Community overstretched and potential impacts on other front facing services depending on the nature of the incident. Public fear and concern along with potential accommodation problems. Service failure. Drains and sewers unable to cope with volume of rainfall. Community safety implications with heat stroke. Increase potential for Infrastructure and property damage, with fires, settlement and storm damage. Reputational impact. Possibility of an increase in the number of insurance claims. Public concern.	Social	4	5	20	Emergency Plan, Community Risk Register, Statutory Duties. Director on Call and Forward Incident Officers in place. Regular meetings and forums with Blue Light services and other LAs. Central GM Civil Contingencies Team in place. Plans are tested. Flood plan in place. Business Continuity Plans in place. Following a report to SLT in July 2018 an action plan is now in place to refresh/improve business continuity across the Council. Workshops have been held to pilot the revised template and this has now been circulated to all SUMs/ADs. Moorland Fires and other incidents/extreme weather events have demonstrated the effectiveness of the plans.	Partially effective	4	2	8	⇨	Ian Saxon Kathy Roe	Emma Varnam Mike Gurney Wendy Poole	GM authorities continue to meet weekly: 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. The Flood resilience plan is being reviewed in all GM authorities and a terms of reference between UU and the Environment Agency has been viewed and accepted by the GMCA
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.	The Council's influence at a regional level is not sufficient for it to maximise the benefits which accrue from devolution such as increased economic growth. Failure to secure funding for the Tameside area including Health Transformational Funding.	Economic, Social, Stakeholders	4	4	16	The Council is supportive of the current devolution role and is playing a prominent role in shaping the present agreement with Central Government for Greater Manchester. Members and Officers attend meetings of the Combined Authority including the Wider Leadership Team. Lead roles have been allocated to Leaders and Chief Executives to drive the transformation programme forward. The Chief Executive is the lead for Health and Social Care and the Executive Leader leads on investment. With regards to TfGM bids are put in as AGMA collectively so that GM gets it share.	Effective	3	4	12	⇩	Single Leadership Team	Senior Management Group	The borough is still enduring the impact of the pandemic and this has impacted on our strategies for strategic growth both for businesses and homes, although progress continues on the development of the Godley Green Garden Village. The impact of the Government's Levelling Up Agenda is still not clear and no material benefits have emerged to date. We await further details from the Government in relation to is wider Levelling Up ambition.
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.	It is a core statutory requirement to provide sufficient school places, but with limited powers to make this happen as the council cannot open a new school so depends upon either school expansions or free school applications.	Political, Legislative	5	4	20	Additional capacity in the Capital delivery team has been sought and improved reporting to elected members via SCMP. An officer programme group is also in place.	Partially effective	4	3	12	⇩	Richard Hancock	Tim Bowman	High quality collaborative work with school leaders is supporting plans to increase places in specialist and secondary provision. Whilst we continue to meet parental preferences for mainstream places, there are significant demands for specialist places. Capacity challenges within capital delivery teams remain.

Corporate Support and Enabling Services	19	Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities.	Increased employer costs. Reputational damage to the Fund and overall stakeholder concern.	Economic, Social, Stakeholders	5	3	15	Investment strategy reviewed annually and incorporates a review of the risks and opportunities from climate change. Fund performance is presented to the Management Panel on a quarterly basis. GMPF appoints an investment consultant that advises on strategy and four external advisors to the Management Panel who input into strategy review. Individual employer investment strategies are considered where appropriate reflect different employer risk profiles. Short and medium term liquidity requirements considered within the annual review of Investment Strategy. Day to day liquidity monitored on a weekly basis.	Effective	4	1	4	⇨	Sandra Stewart	Tom Harrington Paddy Dowdall	Updated fund risk register presented to September 2021 management panel and local boards
Great Place Inclusive Growth	20	The lack of an up to date strategic planning framework and associated local policies to manage development in Tameside.	Potential for developers bringing forward planning applications outside of the framework.	Social	4	4	16	Through the joint Places for Everyone Development Plan Document and a Local Plan for Tameside, progressed in accordance with statutory legal requirements, the National Planning Policy Framework, other material planning guidance and the timescales set out within the Councils Local Development Scheme.	Effective	4	2	8	⇨	Ian Saxon	Nick Fenwick	The GM Spatial Framework is no longer being taken forward as a joint Development Plan Document following the withdrawal by Stockport MBC. However, the remaining 9 Council Leaders have agreed to progress a Development Plan Document (DPD) named, 'Places for Everyone'. All 9 Councils have since progressed reports through their respective organisations detailing next steps, including the establishment of a committee to prepare a joint DPD and to consult on the plan. The plan has since been published for a period of consultation from 9 August to 3 October 2021. Representations received will subsequently be assessed and documents prepared to support submission of the Plan to the Secretary of State early in 2022 as set out within the Councils Local Development Scheme. The DPD enables Tameside Council to meet the Government's requirements for local authorities to have up to date Local Plans in place by Dec 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, however in the interim, commencement on initial stages or preparing an Issues and Options Local Plan has begun.
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.	Financial loss to the Council and reputational damage. Adverse publicity both locally and nationally. Investigations are resource intensive. Prosecutions can take a long time to conclude	Economic	4	4	16	Fraud risk assessment carried out by Internal Audit. Internal Audit review systems on a cyclical basis to provide assurance that effective controls are in place and working. Internal Audit provide advice and support to managers to ensure the control environment is considered when changes are being proposed. Anti Fraud, Bribery and Corruption - Statement of intent in place. Fraud Response plan in place. Whistleblowing Policy in place. Management are responsible for the control environment and this is tested as part of the Annual Governance Statement process as Directors sign assurance letters. All ongoing investigations are reported to the Standards Panel and summary data is presented to the Audit Panel as part of regular progress reports by the Head of Risk Management and Audit Services.	Effective	3	3	9	⇩	Kathy Roe	Caroline Barlow Wendy Poole	Fraud figures in general across the Council are fairly low as controls are in place across services to reduce the likelihood of fraud. External Fraud in relation to Grants and other benefits paid has increased recently however, learning is shared and improvements made in processes to prevent further occurences
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.	Unrest, riots and vandalism. Inequalities within the community becoming more prevalent and raising community tension. Potential to lead to an increase in crime and disorder. Failure to comply with Equality Legislation could lead to reputational damage and litigation.	Social	3	5	15	The new Community Safety Partnership and sub groups are established. With regular tension and performance monitoring through THIP group, plus Prevent and Channel Groups. An action plan to improve cohesion has been written and is being enacted. A high level intervention group has been identified for when tensions arise, threat analysis forms part of service planning.	Effective	3	2	6	⇨	Ian Saxon	Emma Varnam	The IAG continues to do excellent work - meeting regularly and addressing key issues with community groups across the borough. A new Community Cohesion report has been drafted and presented to the Inequalities Reference Group and a metric and actions will be monitored quarterly.
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'.	A major cyber incident such as a ransomware attack would have a massive impact on the Council and services ability to undertake their day jobs. Other cyber risks included the risk of data breaches leading to loss of information and associated financial risks from ICO as well as reputational risks should such incident occur.	Political, Technological	5	5	25	The Council agreed it's first Cyber Security Strategy in Oct 2020. The associated action plan has led to a significant investment and improvements in the physical security measures and controls that keep the Council's digital assets safe. Changes to password complexity, the introduction of Multi-Factor Authentication are amongst a raft of recent changes aimed to reduce the risk of a cyber incident and the impact should one occur.	Partially effective	4	4	16	⇨	Kathy Roe	Tim Rainey	Whilst the prevalence and risk of cyber incidents continues to rise globally, we are continuing to improve both the technology we have in place to keep our digital assets safe, as well as introduce controls and measures to manage the risk and mitigate the impact should an incident occur. Additional resources are required to enable proactive threat management and not the current reactive situation. The new Data Centre is currently being commissioned and once complete and fully operational in late Autumn, the focus will move to bringing the new Disaster Recovery facility on-line in the early New Year.

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