
2020/21 Financial Statements

Overview

Audit Panel
27 July 2021

Headlines

Small overall surplus on the revenue budget of **£0.102m** but some significant variations in 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)
Children's Services - Social Care	53,998	56,964	(2,966)	0	(2,966)
Education	6,407	6,585	(178)	(465)	287
Population Health	15,619	14,453	1,166	1,153	13
Operations and Neighbourhoods	52,921	53,584	(662)	(726)	64
Growth	8,297	8,572	(275)	390	(665)
Governance	9,524	9,854	(329)	(1,146)	817
Finance & IT	7,630	7,100	530	(21)	551
Quality and Safeguarding	141	104	37	0	37
Capital and Financing	3,447	8,719	(5,272)	(7,308)	2,036
Contingency	2,772	795	1,976	(694)	2,670
Contingency - COVID Costs	0	32,488	(32,488)	(32,488)	0
Corporate Costs	5,184	4,864	321	(33)	354
LA COVID-19 Grant Funding	0	(26,615)	26,615	26,615	0
Other COVID contributions	0	(10,798)	10,798	10,798	0
TOTAL	205,279	205,177	102	0	102

Headlines

- Overall net assets of the Council have decreased by £110.050m – mainly due to an increase in long term liabilities relating to Pensions.
- Earmarked reserves have increased overall but this is only temporary. Balances at 31 March includes significant sums of capital and COVID grant funding that has already been spent or committed in 2021/22.
- Significant deficit on the Collection Fund due to additional COVID reliefs to Businesses. This deficit needs to be repaid from additional grant funding reflected in reserves at 31 March 2021.
- Significant COVID grants transacted during 2020/21.

Narrative Report

- Provides an overall explanation of the Council's financial position, including major influences affecting the accounts, and to enable readers to understand and interpret the accounting statements.
- Summary of Revenue and Capital Outturn position
- Explanation of significant transactions and balances in the financial statements

CIES – Comprehensive Income and Expenditure Statement

Income and expenditure in accordance with proper accounting practice:

- **Deficit** on the provision of services £21.914m – Note 1 reconciles between amounts reported to management and the CIES
- Overall **deficit** on CIES £110.050m – represents the total movement in (useable and unusable) reserves (MIRS)

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

**Note that Corporate Costs includes expenditure incurred as a direct result of COVID and funded from COVID grants*

Note 1 – Expenditure and Funding Analysis

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

(£0.103m)	Surplus reported in revenue outturn report
£22.016m	Net additional expenditure charge to CIES on an accounting basis
£21.914m	Deficit on the provision of services in the CIES

Note 1 – Expenditure and Funding Analysis

The £22.016m net additional expenditure in the CIES on an accounting basis includes:

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

Movement in reserves statement (MIRS)

Reconciles the movements on the usable and unusable reserves:

- General Fund Balance – reflects risk assessment approved by Full Council in February 2020
- Schools Balances (ring-fenced)
- Earmarked reserves have increased temporarily – detail of reserves and movements in note 11
- Capital Receipts used to fund capital expenditure
- Grants & contributions for specific purposes
- Unusable Reserves - for accounting adjustments

Reserves

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

- Unspent grants and contributions inflated by COVID grant monies received in 2020/21 but spent in 2021/22.
- Collection Fund Reserve balance is committed to fund the NNDR deficit on the Collection Fund and to support the Revenue budget over the next four years.
- £43m of COVID related grants in reserves already spent or committed in 2021/22

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

Balance Sheet

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

- Non Current Assets include physical assets, long term debtors and investments.
- Property, Plant and Equipment has increased in value – this is a net figure and includes £25m of additions (Capital Expenditure), £9m of disposals or de-recognition of assets, £12m of revaluation gains and £13m depreciation
- The actuarial valuation of the Council's Local government Pension Scheme liabilities has increased from £278m to £372m at 31 March 2021

Pension Liability

The Pension Liability reflects the actuarial estimate of future liabilities to pay pensions. The estimate is highly sensitive to small changes in assumptions.

The value of Tameside's share of net assets has increased from £684m to £845m but at the same time the estimated value of liabilities has also increased significantly:

- Salary inflation increased by 0.90% = approx. 23m increase in liabilities
- Pension inflation increased 0.95% = approx. 234m increase in liabilities
- Discount rate reduced by 0.3% = approx. £87m increase in liabilities

Balance Sheet

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

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

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

- Creditors have increased as a result of significant grant monies held on behalf of Government.

COVID grant accounting

During 2020/21 the Council has administered a significant number of Covid-19 grant schemes for business on behalf of Government, in addition to a number of general and specific grants to support the impact and response to COVID-19.

As part of the preparation of the Council's 2020/21 Statement of Accounts, the Council has had to determine the accounting treatment for these grants, including consideration of whether the Council was operating as 'principal' or as an 'agent' of Government.

COVID grant accounting

Agent	Principal
<p>Where the Council is acting as an intermediary or a distribution point for grant monies, with no control over the amount of grant allocated to a recipient</p>	<p>Where the Council is acting on its own behalf, and has control over the amount of grant awarded, or how the grant is to be spent</p>
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 repayable to Government, held on the balance sheet as creditors

COVID grant accounting

	Grant received £000	Council as Principal £000	Council as Agent £000	Expenditure 2020/21 £000	Balance 31 March 2021 £000
Covid Grants 2020/21					
Council Tax Hardship Grant	(2,158)	(2,158)		2,133	(25)
Income Compensation Grant	(1,481)	(1,481)		1,481	0
Local Restrictions Support Grant	(2,027)	(2,027)		1,748	(278)
Local Authority Support Grant	(13,804)	(13,804)		9,729	(4,075)
Local Authority Discretionary Grant Fund	(2,469)	(2,469)		2,299	(170)
Business Support Grant	(45,095)		(45,095)	45,095	0
Local Restrictions Support Grant (closed) Addendum	(10,879)		(10,879)	7,327	(3,552)
Local Restrictions Support Grant (closed)	(1,251)		(1,251)	935	(316)
Christmas Support Payment	(211)		(211)	106	(105)
Closed Businesses Lockdown Payment	(14,095)		(14,095)	5,509	(8,586)
Additional Restrictions Grant	(6,803)	(6,803)		3,772	(3,032)
Test and Trace Support Payments Grant	(1,024)	(612)	(412)	585	(439)
Local Authority Compliance and Enforcement Grant	(146)	(146)		146	0
Emergency Assistance Grant for Food and Essential Supplies	(332)	(332)		183	(149)
Test and Trace Support Grant	(1,420)	(1,420)		133	(1,287)
Winter Grant Scheme	(1,125)	(1,125)		1,125	0
Contain Outbreak Management Fund	(6,415)	(6,415)		2,416	(4,000)
Asymptomatic Testing Sites	(211)	(211)		211	0
Community Champions LA Fund	(368)	(368)		1	(367)
Clinically Extremely Vulnerable Funding	(307)	(307)		24	(283)
Infection Control Fund Grant	(4,262)	(3,834)	(428)	4,130	(132)
Rapid Testing Fund	(526)	(105)	(421)	526	0
Workforce Capacity Fund	(577)	(577)		569	(8)
Catch Up Premium	(911)	(911)		870	(41)
	(117,897)	(45,105)	(72,792)	91,052	(26,845)

Collection Fund

- Collection Fund balances at 31 March 2021 are a £1.903m surplus relating to Council Tax (£6.640m surplus in 2019/20) and a £32.029m deficit on NNDR (£2.489m deficit in 2019/20).
- The deficit on the NNDR side of the collection fund will be funded from £29m of additional section 31 grant (currently held in earmarked reserves) and from amounts set aside in the 2021/22 budget