

AGENDA FOR

AUDIT COMMITTEE

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To: All Members of Audit Committee

Councillors: S Butler, U Farooq, I Gartside, M Hayes,
B Mortenson, J Rydeheard, M Smith, M Whitby (Chair)
and S Wright

Dear Member/Colleague

Audit Committee

You are invited to attend a meeting of the Audit Committee which will be held as follows:-

Date:	Wednesday, 21 July 2021
Place:	Meeting Rooms A & B - Town Hall
Time:	7.30 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

Members of the Audit Committee are asked to consider whether they have an interest in any of the matters on the agenda and, if so, to formally declare that interest.

3 MINUTES OF THE LAST MEETING *(Pages 5 - 10)*

The Minutes of the last meeting of the Audit Committee held on 18 March 2021 are attached.

4 MATTERS ARISING

5 DRAFT STATEMENT OF ACCOUNTS 2020.2021 *(Pages 11 - 170)*

Briefing report attached
The Draft Statement of Accounts are attached.

6 EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER 2019-20 *(Pages 171 - 190)*

The Annual Audit Letter from Mazars is attached

7 EXTERNAL AUDIT PROGRESS REPORT *(Pages 191 - 208)*

A report from Bury's External Auditors, Mazars, is attached.

8 ANNUAL GOVERNANCE STATEMENT & HEAD OF AUDIT OPINION *(Pages 209 - 236)*

A report from Sam Evans – Executive Director of Finance, S151 Officer is attached

9 RISK REGISTER

An update will be given at the meeting.

10 INFORMATION GOVERNANCE *(Pages 237 - 262)*

Report from the Deputy Chief Executive is attached

11 ANNUAL INTERNAL AUDIT YEAR END UPDATE *(Pages 263 - 278)*

Report from Sam Evans, Executive Director of Finance (S151 Officer) is attached.

12 INTERNAL AUDIT PLAN 2021.2022 *(Pages 279 - 302)*

A report from the Executive Director of Finance (S151 Officer) is attached.

Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 18 March 2021

Present: Councillor M Whitby (in the Chair)
Councillors R Gold, M Hayes, Sarah Southworth, D Vernon,
R Walker and S Wright

Also in attendance: Lisa Kitto, Interim Director of Financial Transformation
Karen Murray, Mazars
Ian Pinches, Mazars
Janet Spelzini, Acting Head of Internal Audit

Public Attendance: No members of the public were present at the meeting.

Apologies for Absence: Councillor S Briggs and Councillor D Silbiger

AU.1 DECLARATIONS OF INTEREST

Councillor Sarah Southworth declared a personal interest in any item relating to Persona and Townside Fields as her husband's accountancy business has been awarded the contract to audit both companies.

Councillor S Wright declared a personal interest in any item relating to the Department for Children, Young People and Culture as his wife is employed in a Bury School. He also declared a personal interest in any item relating to Six Town Housing as he is a member of the Board.

AU.2 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting held on 25 January 2021 be approved as a correct record and signed by the Chair.

AU.3 MATTERS ARISING

With reference to the matter raised regarding the empty property officer position, it was reported that this post had been advertised and successfully recruited to. The successful candidate was due to take up the post on 6 April 2021.

It was reported that the advert for the Independent Member had been published in the Bury Times, on the Council website and in a press release. The advert had attracted over 40 expressions of interest. It was explained that the next steps would be to request those interested fill out an application form and the candidates that met the specified criteria would be invited for interview.

The new Independent Members would be in post for the start of the next municipal year.

Councillor Walker referred to the issue that he had raised in relation to Councillor involvement in tenders and the use of the 'Chest'.

Councillor Walker referred to Minute AU.476 - Procurement Contract Procedure Rules and Procurement Overview and explained that lots of people won't understand what the Chest was. Councillor Walker also referred to the wording in the Minutes stating that there was no need for Councillors to be involved in the opening of tenders and felt that this was something that Councillors should be involved in.

Lisa Kitto explained that the process had been replaced by an electronic process and all tenders were documented and transparent. It was also explained that there was Councillor involvement from the relevant portfolio holder and there was a full governance process in place.

AU.4 STATEMENT OF ACCOUNTS 2019/2020

Lisa Kitto, Interim Director of Financial Transformation presented the Council's draft Statement of Accounts 2019/20. It was reported that the accounts have been subject to review by the external auditors, Mazars.

The external audit has now concluded, and the draft findings have been reported to the Audit Committee in January 2021. A final report from the external auditors is included in the agenda for this meeting and confirms that the audit has now concluded.

The Council's Statement of Accounts 2019/20 have been updated to reflect the changes required and are now attached at Appendix 1 for approval by the Committee. The Council's Management Representation letter is attached at Appendix 2.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:

- Councillor Vernon referred to Section 27, Contingent Liabilities and the Municipal Mutual Insurance Ltd. and asked what a trigger event would be.

Lisa stated that she would email the Audit Committee with a full response to the question.

- Councillor Walker referred to the school reserves and balances and stated that in the past some schools used to have a lot of money in reserves and some schools had none, the ones with the reserves were able to carry this forward. Councillor Walker asked whether this still happened. also asked whether academy schools were included.

Lisa explained that there were two different types of reserves and some schools did have them. It was explained that schools were able to carry forward reserves unless they were deemed excessive and if this was the case then clawback arrangements would be instigated. It was also explained that some schools were in deficit and when this occurred the Local Authority would work with them to bring them into a recovery position. Lisa explained that this only referred to non – academy schools.

Councillor Whitby suggested that the Members of the Audit Committee have one week to review the Statement of Accounts and raise any issues that they may have.

Delegated decisions:

1. That the Audit Committee be given a week to review the Statement of Accounts.
2. That the Chair of the Committee be delegated to approve the Statement of Accounts on behalf of the Audit Committee

AU.5 AUDIT COMPLETION LETTER 2019/2020

Karen Murray presented the Audit Completion Letter to the Committee.

The letter set out the matters that had been marked as outstanding at the last meeting of the Audit Committee in January 2021 and the conclusions that had been reached.

It was explained that all work had been completed and an unqualified opinion would be issued.

Delegated decisions:

1. That the contents of the report be accepted.
2. That Mazars be thanked for their work and support in completing the Audit.

AU.6 INTERNAL AUDIT QUARTER 3 UPDATE

Janet Spelzini, Acting Head of Internal Audit presented a report setting out the progress to date against the annual audit plan 2020/21. The report enables Members to monitor the work of the Internal Audit service, raise any issues for further consideration and also provide an opportunity to request further information or to suggest areas for additional or follow up work.

It was reported that staff within the Internal Audit Team had been seconded for a second time during the pandemic to assist with support in other priority services.

It was explained that any work within the Internal Audit Plan that had fallen behind would be carried forward into the next financial year.

It was also reported that there is a risk that the annual opinion of the Head of Internal Audit for 2020/21 may need to be limited. This situation is being monitored and CPFA guidance is being followed. Where possible, alternative sources of assurance will be sought.

Delegated decisions:

1. That the work undertaken by Internal Audit as set out in the report be noted;

2. That the Audit Committee endorse the proposed approach to deferred audits as set out at in the report;
3. That the position regarding the Annual Opinion of the Head of Internal Audit, as detailed in the report be noted.

AU.7 SCHEME OF FINANCIAL DELEGATION AND FINANCIAL PROCEDURE RULES

Lisa Kitto presented a report which explained that in November 2019, Cabinet received a report on the Council's new constitution. These were formally approved by Council in January 2021. In the report to Cabinet it was stated that 'Contract Procedure rules and Finance Regulations are a technical finance matter and are subject to the review of the statutory finance officer and monitoring officer'. The report also stated that the Audit Committee be authorised to approve further revisions to the rules.

The report sets out the Financial Procedure Rules and the Scheme of Delegation – Financial Limits for consideration by the Committee. Attached to the rules were detailed guidance notes to support budget holders in performing their financial duties.

Delegated decisions:

1. That the Financial Procedure Rules and Scheme of Delegation – Financial Limits be approved.
2. That the recommendation within the report that the documents will form part of training for budget holders across the Council be approved.

AU.8 ACCOUNTING POLICIES

Lisa Kitto presented a report which explained that in preparing the statement of accounts, the Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring they are applied consistently. Accounting policies are the specific principles, conventions, rules and practices applied in preparing and presenting the financial statements and set out how transactions are recognised, presented and measured in the accounts.

A summary of the accounting policies were set out at Appendix A of the report.

Delegated decision:

That the accounting policies that will be used in the preparation of the 2020/21 Statement of Accounts as set out in the report be noted

AU.9 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt

information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.10 INTERNAL AUDIT QUARTER 3 - EXEMPT REPORT

Janet Spelzini presented a report setting out the work that had been carried out by the Internal Audit Team to the end of quarter 3 2020/2021.

Appended to the report was a list of the Internal Audit Reports that had been issued and recommendations that had been made.

Delegated decision:

That the contents of the report be noted

AU.11 RECORD OF THANKS

Councillor Whitby explained that this was the last meeting of the Audit Committee for the 2020/2021 Municipal Year and stated that this would be the last meeting for Councillors David Silbiger, Sarah Southworth and Roy Walker as they would not be standing as candidates in the forthcoming local elections.

Councillor Whitby thanked them for their dedication and support over the years.

Councillor Whitby also explained that this would be the last meeting of the Audit Committee that Lisa Kitto would be attending and thanked her for her hard work, support and dedication to the Committee.

The Members of the Audit Committee thanked Councillor Whitby for her work as Chair of the Committee for the year.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00 pm and ended at 7.45 pm)

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Classification	Item No.
Open / Closed	

Meeting:	Audit Committee
Meeting date:	21/7/21
Title of report:	Unaudited Statement Accounts 2020/21 - background
Report by:	
Decision Type:	Council/Key Decision/Non Key Decision (<i>delete as appropriate</i>)
Ward(s) to which report relates	

1. Executive Summary:

- 1.1 This report presents the unaudited Statement of Accounts for the 2020/21 financial year. The report highlights the overall financial position for the year.
- 1.2 Whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.
- 1.3 There is a requirement to obtain certification of the accounts by the responsible financial officer, for the Council this is the Joint Chief Finance Officer.

Recommendation(s)

- 2.1 The Committee is asked to consider and note the 2020/21 unaudited Statement of Accounts.

Reasons for the decision:

Other options considered and rejected: N/A

Key considerations

Background

- 3.1 The accounts will be available for public scrutiny from 2 August to 13 September. This will be advertised on the Council's website. The unaudited accounts will be placed on the Council's website on 31 July in line with the Government's policy of increased transparency in the public sector.
- 3.2 The accounts will be subject to external audit.
- 3.3 The style and format of the accounts is largely prescribed by the CIPFA Code of Practice (The Code). Audit Committee should assure themselves that the Narrative Report is consistent with the core financial statements.
- 3.4 The Statement of Accounts for Bury Council comprises of:
 - A narrative statement by the Executive Director of Finance and S151 Officer
 - The statement of responsibilities for the accounts
 - The core financial statements, comprising:
 - The movement in reserves statement
 - The comprehensive income and expenditure statement
 - The balance sheet as at 31 March 2021
 - The cash flow statement
 - The notes to the core financial statements
 - The Housing Revenue Account
 - The Collection Fund
 - The Group Accounts
- 3.5 Elected members are not expected to be financial experts, but they are responsible for approving and issuing the Council's financial statements. In doing this they are playing a key role in ensuring accountability and value for money are demonstrated to the public. However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards and also the accounting and financing regulations of central government
- 3.6 This covering report explains the key features of the primary statements and notes that make up the 2020/21 Statement of Accounts. The narrative statement provides further information on the key issues for the benefit of readers of the statements.

Narrative Statement

- 4 The purpose of the narrative statement is to provide commentary on the

financial statements. It includes an explanation of key events and their effect on the financial statements. The information in the narrative statement is consistent with budget information provided during the year and reconciles to the year-end financial position reported to Cabinet on 21st July 2021.

Core Financial Statements

5.1 Movement in reserves statement

Reserves represent the Council's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable. The level of usable reserves, the Council's spending plans, and other sources of funding determine how much council tax needs to be raised. Unusable reserves derive from technical accounting adjustments and cannot be used to support spending. The movement in reserves statement analyses the changes in each of the authority's reserves between 2019/20 and 2020/21.

5.2 Comprehensive income and expenditure statement

The comprehensive income and expenditure statement reports on how the authority performed during the year and whether its operations resulted in a surplus or deficit. It is produced in a standard format and is made up of five broad sections:

- Cost of services: Presented in the management structure of the Council. It includes service specific income and expenditure.
- Other operating income and expenditure: Includes the surplus or deficit from the sale of property, plant and equipment.
- Financing and investment income and expenditure: Includes interest payable and receivable and trading account income and expenditure.
- Taxation and general grant income and expenditure: Includes revenue from council tax, business rates and government revenue and capital grants.
- Other comprehensive income and expenditure: Includes items which are not allowed to be accounted for elsewhere, such as increases in the value of land and buildings and changes in the actuarial assessment of pension assets/liabilities.

5.3 Balance Sheet

The balance sheet is a 'snapshot' of the authority's financial position at a point in time, showing what it owns and owes at 31 March 2021. It is divided into two halves that, as the name suggests, balance. These are assets less liabilities (the top half) and reserves (the bottom half).

5.4 Cash flow statement

The cash flow statement sets out our cash receipts and payments during

the year, analysing them into operating, investing and financing activities. Cash- flows are related to income and expenditure but are not equivalent to them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the comprehensive income and expenditure statement when the transactions occurred, not when the cash was paid or received.

5.5 The Notes to the accounts provide further detail for the figures within the core statements as well as other information we are required to include in the Statement of Accounts.

5.6 Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is intended to record expenditure and income on running a council's own housing stock and related services or facilities which are provided primarily for the benefit of the council's own tenants.

- It is a landlord account recording expenditure and income arising from the provision of housing accommodation.
- It is not a separate account but is a ring-fenced account of defined transactions relating to local authority housing within the General Fund.
- The main expenditure items included are management and maintenance costs, major repairs, loan charges and depreciation costs.
- The main sources of income are from tenants in the form of rents and service charges.

5.7 The Collection Fund

The Collection Fund is a separate account for the administration of Council Tax and Business Rates income from local taxpayers on behalf of the Council, and other major preceptors i.e. the police, fire and mayoral services through the Greater Manchester Combined Authority.

5.8 The Group Accounts

This brings together entities where the Council has a material financial interest and holds a significant level of control. For Bury this includes

- Six Town Housing Ltd.,
- Bury MBC Townside Field Ltd.,
- The Persona group of companies, Persona Care and Support Ltd and Persona Group Ltd.,

6 Points of Note

- 6.1 At the end of 2019/20 the council's useable reserves were £51.063m, these have increased to £74.849m at the end of 2020/21. Reserves have increased largely as a consequence of the benefit from the review undertaken in 2019/20 which released £10m from the collection fund and the decision made as part of budget setting to create a £5.8m transformation reserve.
- 6.2 The level of reserves has increased over the year and are available to support the Council in managing the financial risks going forward. Some significant grants were received at the end of the financial year relating to COVID-19 and are therefore fully committed and will be fully utilised in 2021/22. Monitoring of reserves will be a key part of the overall financial strategy to manage the impact of COVID-19 in 2021/22 and future years.
- 6.3 The increasing prominence of council tax and business rates in helping fund council services means that the collection fund is monitored on an ongoing basis. The outturn position is an in year deficit of £28.995m which is offset by a small surplus brought forward from 2019/20 of £0.255m bringing the overall outturn deficit to £28.740m. The council's share of the deficit is £28.362m and the Greater Manchester Combined Authority's share is £0.377m (for police and fire and rescue services).
- 6.4 The deficit on the collection fund is Covid related as a result of government mandated reliefs for retail and nursery establishments for which the Council has received increased compensatory grants of £24.899m which will partially mitigate this.
- 6.5 Ordinarily, the reliefs are estimated in January (prior to the start of the financial year) and the compensatory grant is received on account throughout the year to offset this, hence no deficit arises due to reliefs.
- 6.6 However, in the governments' response to COVID, additional reliefs were mandated after the January estimates and this led to a deficit being reported.
- 6.7 It is anticipated that in 2021/22 that there will be a similar part year impact as the government did not confirm the extension of the additional reliefs until after the budget setting estimates in January 2021.
- 6.8 The government also introduced the Taxation Income Guarantee scheme (TIG) for 2020/21 to alleviate some of the impact of COVID on loss of income in the collection fund and for Bury this will be £2.474m
- 6.9 The compensatory grant and TIG amounts are held in reserves and will be released in 2021/22 to contribute towards the repayment of the council's share of the deficit as required in the regulations.
- 6.10 Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the £24.899m Government grant funded Business Rate reliefs) gives the ability to

smooth the impact of COVID related deficits over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/22 budget and future years budget estimates have been prepared using this new facility.

- 6.11 Central Government Debtors and Creditors –the Central Government debtors and creditors have increased significantly. This relates to the requirements in reporting the various COVID grants received where the Council is acting as an agency for central government in paying out grants eg. Business Grants.
- 6.12 The impact of COVID has also impacted on Manchester Airport that Bury Council holds shares in, leading to lost dividend income during the year of approximately £5.9m. The impact is anticipated to last for several years and this has been factored into the MTFS so that the 2021/22 budget has been adjusted.
- 6.13 There has been a net increase in earmarked reserves of £48m, which includes
- £10.5m increase - COVID grants for use in 2021/22
 - £4.5m increase - CCG contribution to ongoing funding of several transformation schemes beyond 2020/21
 - £17.8m net increase in Earmarked external funding, these are usually items with set criteria for how they can be utilised, which includes £15.6m of Business Rate Section 31 grants.
 - £7.4m increase in the Volatility and Fiscal mitigation reserves, including the Airport (£4.0m) and Levy Equalisation reserves (£3.1m)
 - £5.8m contribution agreed in the February 2020 budget setting to Council Transformation from the Collection Fund surplus
 - £2.5m net increase in Management of Financial Risk - Directorate

Community impact/links with Community Strategy

Equality Impact and considerations:

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

- (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Equality Analysis	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>

**Please note: Approval of a cabinet report is paused when the 'Equality/Diversity implications' section is left blank and approval will only be considered when this section is completed.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation

Consultation:

Legal Implications:

To be completed by the Council's Monitoring Officer

Financial Implications:

All financial implication are covered within the report and the attached Statement of Accounts.

Report Author and Contact Details:

Sam Evans

sam.evans5@nhs.net

0161 253 7858

Background papers:

Outturn Report 2020/21

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning



Statement of Accounts 2020/2021

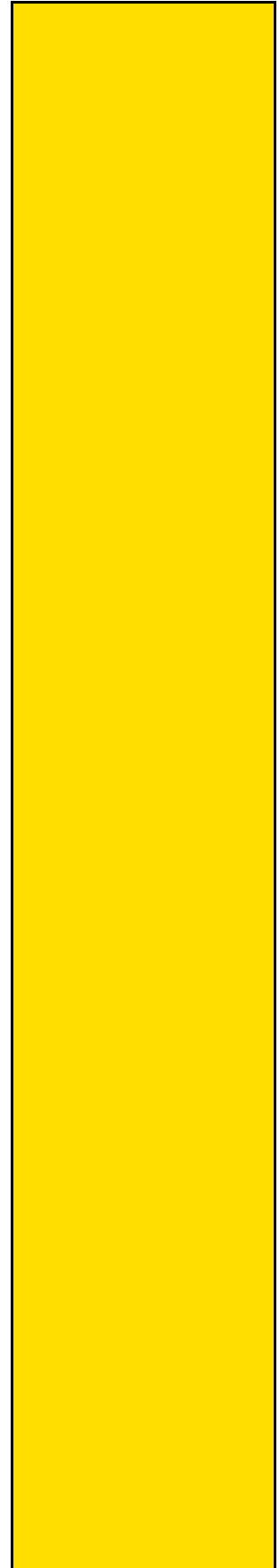


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Introduction by Joint Chief Finance Officer (Section 151 Officer)

I am pleased to introduce our financial accounts for 2020/21. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the year. The statement of Accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom. The Statement of Accounts play a vital role in providing Bury residents, Council Members and other interested parties with an understanding of the Council's financial position, providing assurance that public resources have been used and accounted for in an appropriate manner. It aims to ensure the readers of the Statement of Accounts can:

- Understand the overarching financial position of the Council and the 2020/21 financial out-turn;
- Have confidence that public money with which the Council has been entrusted has been used and accounted for appropriately, and;
- Be assured of the robustness of the council's financial standing.

The Council's Statement of Accounts is presented as simply and clearly as possible. However, the accounts for such a large and diverse organisation are by their nature both technical and complex. To assist in this, a narrative report has been produced.

This narrative report is set out in five parts. The first part provides some key information on what the Council does, how it does it and its plans for the future. The second part provides further detail on how we plan to resource the Council's activities. This section also considers the factors in the external environment that influence our decisions and highlights some of the key risks that we have identified to our priorities.

The third part summarises our financial and other performance in 2020/21 and our effectiveness in the use of our resources and the fourth part describes our outlook ahead and into the new financial year. It includes some of the key pressures facing the Council over the next few years and the changes taking place in the Council to respond to those challenges. Finally, this report sets out how the Financial Accounts for 2020/21 are prepared and set out.

Sam Evans

Executive Director of Finance and S151 Officer

Certificate of the Statement of Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bury Council at 31 March 2021, and its income and expenditure for the year ended 31 March 2021.

Sam Evans

Executive Director of Finance and S151 Officer

xx xxxxxx, 2021

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts for the financial year ended 31 March 2021, was approved under delegated powers as agreed by the Audit Committee at the meeting held on **xx xxxxxx, 2021**.



Councillor Mary Whitby

Chair of Audit Committee

Xx xxxxxx, 2021

Narrative report

Introduction to Bury

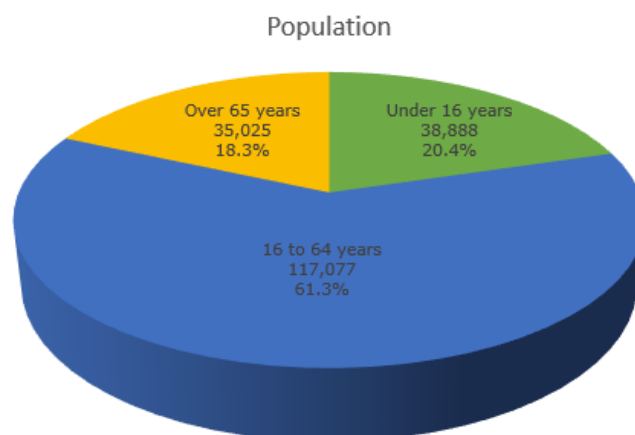
Bury Council is one of ten local authorities in the Greater Manchester region. Bury is a place of independent shops, good schools, thriving businesses and strong communities making it a place where people want to live, work and spend their leisure time.

Like many other authorities across the country the Council faces significant financial challenges whilst operating in an environment that is uncertain and volatile. Despite this the Council recognises the need to transform itself and ensure it is a sustainable organisation fit for the future. The Council is at the start of a newly developed Medium Term Financial Strategy that has been updated to reflect the Council's priorities and to take account of the financial challenges, opportunities and risks both now and in the future.

Key Facts

Population

The Office for National Statistics (ONS) 2019 mid-year population estimate report Bury's total population as 190,990. The age profile of the population is shown below.



The working age population (age 16 to 64) as a proportion of the population is slightly lower than the regional and national averages, whilst those over 65 also represent a lower percentage of the population than regional and national averages. Over 85's represent 2.2% of the population compared to 2.5% nationally. Under 16s are higher than regional and national averages. The population is expected to increase by 4.3% (8,133 persons) over the medium term with a high proportion of this increase coming from those residents aged 80 and over (41.5%), with resulting increases in demand for health and social care services.

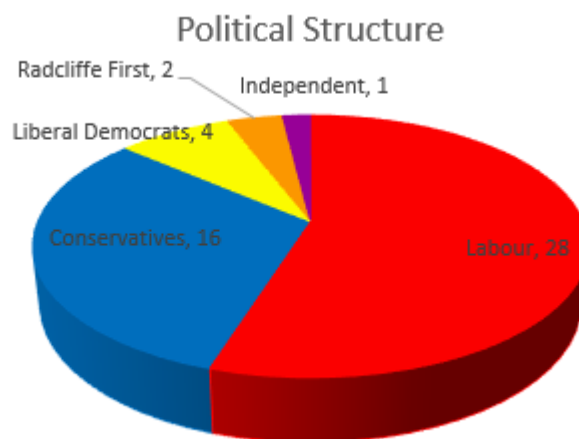
Local Economy

Bury's economy is strong and delivers good employment to its residents. Bury's employment levels were expected to increase over the medium to long term. Strong links with the business communities and support through the council are in place to ensure that

employment levels are maintained. The role that the Council plays will be increasingly important as it deals with the immediate and longer term impacts of the Covid pandemic.

Political Structure

Bury is made up of 17 wards with 3 Councillors representing each ward giving an overall total of 51 members. During 2020/21 the political make-up of the Council was:



The Cabinet

The Cabinet is the main decision making body of the Council and is responsible for the strategic management of Council services. The Council in 2020/21 consisted of a Leader and 8 Cabinet Member Councillors each of whom hold a Cabinet Member portfolio. These were as follows:

- Leader, Finance and Growth
- Deputy Leader and Cabinet Member for Children, Young People and Skills
- First Deputy and Cabinet Member for Health and Wellbeing
- Cabinet Member for Communities and Emergency Planning
- Cabinet Member for Corporate Affairs and HR
- Cabinet Member for Environment and Climate Change
- Cabinet Member for Transport and Infrastructure
- Cabinet Member for Cultural Economy
- Cabinet Member for Housing

Cabinet members are also held to account through the following Overview and Scrutiny Committees. Approval for the creation of a new Overview and Scrutiny Committee focussed on Children's Services was also approved during the year and will be operational in 2021/22.

Corporate Executive Team Structure

The Council's Executive Team provides leadership to the Council and supports the work of Councillors. During the year, the Council's Chief Executive was supported by a Deputy Chief Executive and 4 Executive Directors – One Commissioning Organisation, Children and Young People, Operations and Business, Growth and Infrastructure. The Council's Executive Director of Finance also supports the wider Council/CCG and is employed in the capacity of a joint role. In recognition of the wider integration with Bury CCG, the Chief Executive is also supported by an Executive Team of the CCG who work together with the Council's Executive Team. In carrying out their roles, the Executive Team support the Council in:

1. Developing the Council's strategies
2. Identifying and planning resources
3. Delivering Council plans
4. Reviewing the Council's performance and effectiveness in delivering services to residents across the borough



Council Employees

At the start of 2020, the Council, excluding staff directly employed by schools, employed 1,954 full time equivalents and this had decreased to 1,925 full time equivalents by the end of the financial year. The reduction is part of a response to delivering savings through more efficient ways of working and integrated working. Investing in our staff and ensuring they have the right skills and knowledge to support effective and efficient delivery is a priority and will continue to be so as the Council continues to transform in 2021/22 and future years. The Council aims to build a resilient and flexible workforce that is able to deliver the Council's plans and meet the changing needs of the organization. The Council aims to have the right people, with the right skills and the right tools in place to do their job across the whole of The Council. The partnership with the CCG is a key enabler for the Council and the ability to integrate and work alongside our partners is key.

Council Plan

In 2020 the Council led the Team Bury partnership to develop and agree the ten-year vision and strategy for the borough of Bury: "to be a place which stands out as achieving faster economic growth than the national average, with lower than national average levels of deprivation". Underpinning this ambition are seven core outcome measures:

1. Improved quality of life
2. Improved early years development
3. Improved educational attainment
4. Increased adult skill levels and employability

5. Inclusive economic growth
6. Carbon neutrality by 2038
7. Improved digital connectivity

The strategy to achieve this vision is for public services to secure a very different relationship with residents, where people are more self-reliant within their networks and empowered to take greater responsibility for themselves and control over resources.

Meeting this ambition will require a high performing council that gets its basics right; creates a culture of community collaboration and enables self-reliance through the conditions of economic growth and quality of statutory services. Included within the strategy is a recognition of the need for a programme of transformation to develop these capabilities.

A new performance management framework has also been developed against which progress can be monitored. Updates on progress are now being presented quarterly to Cabinet and will continue to do so into 2021/22 and beyond.

Impact of Covid

The impact of the Covid pandemic was significant during the year. Priorities for the Council changed throughout the year as the Council responded to new and emerging issues. Enhanced management arrangements were quickly established at the start of the pandemic and remained in place throughout the year. The key boards included Gold (strategic), Silver (tactical) and a Public health Protection Board. Links with Greater Manchester Gold and Silver boards were also established to support a wider Greater Manchester response where needed. These boards continued throughout the year and still remain in place.

To ensure the Council was able to respond quickly, existing resources from services that were unable to operate were redeployed to priority areas including newly established Community Hubs that provided a central point of contact to those most vulnerable within the borough. Business continuity arrangements became a key focus to ensure that the most critical of services could continue to operate.

As well as dealing with the impact of the pandemic, the Council also had to support new requirements placed on them by Government, in particular support for businesses that were closed or impacted financially by the pandemic. Support to individuals through an enhanced free school meals offer additional welfare support and support for those self-isolating also needed to be delivered.

To support Councils with additional financial pressures, the government made available grants some of which was un-ringfenced and others that was targeted to specific initiatives. Updates on the grants and how these have been utilised and been reported throughout the year as part of the Council's financial monitoring arrangements and also to the Overview and Scrutiny Committee.

The Council submitted regular returns to the Ministry of Health, Communities and Local Government (MHCLG) to monitor the financial impact of the pandemic. A revised financial framework was also agreed by Cabinet in July 2020 to help manage and mitigate the financial impact on the Council. The key financial risks for the Council were, and continue to be, increased demand for services and also loss of income. Income loss was substantial and included loss of income on fees and charges, reduced collection rates for council tax and business rates and loss of the airport dividend. These risks remain and will continue to be closely monitored during 2021/22. It is likely that the impact of Covid will continue into future financial years and the Council's Medium Term Financial Strategy (MTFS) will be

updated to ensure that any impact is fully reflected and that appropriate planning arrangements can be put in place.

Greater Manchester Devolution and Partnership Working

The Greater Manchester (GM) Devolution agreement with Government has provided the opportunity to better integrate policies and decision making at a local level. This has led to innovation and new models of local service delivery as well as better co-ordination of interventions to drive productivity growth. Most importantly, as highlighted by the GM Combined Authority, outcomes for residents across the city region have been improved. The GM Strategy has provided the vision and aims for the region, agreed between the public sector, businesses and the voluntary, community and social enterprise sector, and implemented through local and national Government working in partnership. This integration is vital for not only improving services but driving productivity and prosperity across Greater Manchester.

GM Devolution is continuing to shape a new way of working across the region on the important issues facing Greater Manchester. Bury is well placed to shape and benefit from these opportunities.

More broadly, The Council and local partners will need to continue to work closely on how we contribute and engage in ongoing devolution developments. The vision for the future of GM has been set through the Places for Everyone strategy, a new Transport Delivery plan, a Housing Vision and Infrastructure Framework.

Resourcing Our Activities

The budget for 2020/21 was set around the Council's priorities and key deliverables. The budget also took a proactive approach in re-aligning those budgets that had been unrealistically set, creating some funding to support capacity in the core/central services, removing the reliance on reserves and creating a budget to build back reserves. The opportunity to review the Council's collection fund was also taken and this created a one-off opportunity to add £10m to general reserves, thereby increasing the Council's financial resilience, and also creating a one-off transformation fund (£5.8m). The creation of the transformation fund was in recognition of the fact that the Council to create some funding to support council wide transformation that would lead to cost reductions and efficiencies in the future.

Looking ahead, the Council has developed a Medium-Term Financial Strategy (MTFS) that supports longer term planning and successful delivery of priorities. In addition to this, a new reserves policy was approved by Cabinet in July 2020 that set out a new approach to managing and controlling reserves to ensure that benefit of these could be maximised.

Revenue and Capital Spending expenditure

We use our resources in two ways through revenue and capital spending. Broadly our revenue spending relates to income received in year and spending on items used in one year. Most of our salary costs are included in revenue expenditure. Our capital expenditure relates to items we have bought, created or improved and which will be used for more than one year.

Revenue allocations are made to services through a process which balances demand forecasts, inflation and other price increases, commitment to our statutory duties and the

investment choices which the Council wishes to make to improve services or reduce costs. By law we must set a balanced budget which ensure the Council meets not only its existing commitments but also remains on a firm footing for the future.

Revenue Budget

Our revenue budget for the year was £164.891m and was set by Full Council in February 2020. Throughout the year, Cabinet has received reports on the Council's financial position and this has also been used to inform the development of the 2021/22 budget and the Medium Term Financial Strategy. Our revenue budget for the year was allocated over our Directorates and funded through our main sources of income including business rates, council tax and government grants:

Revenue Budget 2020/21 per Directorate	2020/21 Budget	Actual Expenditure	Variance (Under)/Over Spend
	£m	£m	£m
Business, Growth and Infrastructure	2.721	2.887	0.166
Corporate Core – Finance	5.808	6.245	0.437
Corporate Core Services	5.046	4.848	(0.197)
Children, Young People and Culture	36.183	37.319	1.136
Housing General Fund	0.705	1.288	0.583
Non Service Specific	22.504	11.365	(11.139)
One Commissioning Organisation	76.179	64.566	(11.613)
Operations	15.745	22.768	7.023
Total (Net of Government Grants)	164.891	151.286	(13.605)

The figures shown above for specific government grants include a number of grants which come with conditions that limit our discretion on how they can be used. The largest of these is the Dedicated schools Grant which we receive from government to meet the costs of funding schools and relevant pupil-related services, this is forecast to reduce due to our schools transferring to academy status. The underspend on the non-service specific includes additional un-ringfenced grants made available to the Council by Central Government to manage the financial impact of the pandemic. These grants together with a specific grant to offset the impact of the loss of income on sales, fees and charges are included in the year end position and offset pressures that are reflected in the financial position reported for the individual Directorates.

Capital Resources

Capital Programme Original Budget 2020/21	2020/21 Actual £m	2021/22 Forecast £m
Capital Grants and Contributions	8.926	12.237
Receipts from the Sale of Assets	1.605	0.290
Direct Application of Revenue Resources	8.607	13.031
Borrowing (To be repaid from revenue resources) Includes slippage brought forward from previous years	8.091	48.957
Total Capital Resources	27.229	73.957

Our capital allocations are made in line with our Capital Strategy, which includes two key elements: capital maintenance works to ensure our assets continue to be fit for purpose and able to support the provision of services; and capital investment to create and develop new assets. Each element has a number of strands that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals, underpinned by specific service asset management strategies.

Allocations included in the maintenance programme meet one of the following three criteria:

- maintaining our assets to ensure services can continue to be delivered;
- statutory health and safety and other regulatory requirements;
- annual equipment and/or vehicle replacement programmes.
- Our capital spending power is the combination of external income which must be spent on capital (such as specific grants or contributions and the receipts from the sale of our assets) and the extent to which the Council is willing to meet the costs associated with borrowing money from its revenue resources.

Our annual maintenance programme includes allocations from the Government grants received for schools and highways maintenance plus revenue funding used for the replacement of vehicles, where this is more cost effective than leasing the vehicle. We also finance some maintenance from borrowing.

Investment schemes are, by their nature, not routine and so are only considered if they move the organisation towards the delivery of our outcomes. Where we have discretion in how to apply capital financing, we use a structured evaluation process that assesses:

- what we are trying to achieve for the Bury residents, businesses and visitors by investing in particular assets;
- the contribution of the new assets to the delivery of the corporate outcomes;
- the financial costs and benefits over the short, medium and long-term; and
- the risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling.

Investment schemes may be funded by any of the sources in the above table, and often a combination of these is used. It should be noted that included in the 2021/22 figures £46.150m of schemes that have been brought forward from the 2020/21 financial year. When the capital programme for 2021/22 was set in February 2021, slippage of £33.227m was reflected in the programme. Since then, there has been further slippage of £13.297m that will be carried forward. It should be noted that deliver of the capital programme was significantly impacted by the Covid pandemic. At some times during the year, works were unable to continue and when they were shortages of equipment and resources have impacted. A review of the capital programme was undertaken during 2020/21 and some schemes were removed as they were no longer considered to support the Council's priorities and outcomes.

A review of the capital programme will be carried out in 2021/22 to take account of all changes required as a result of the Covid pandemic. The Council updated its capital strategy and this was approved by Full Council in February 2021. Of significance was the introduction of a new Investment Fund to support regeneration of the township, in particular Radcliffe which is to be the subject of a Levelling Up Fund bid for external resources during 2021/22. The outcome of this will be known later in the year.

Savings and efficiencies

The resource estimates shown above reflect the impact of both continuing austerity and the broader economic outlook. The Council has successfully delivered savings in previous years. The historic planned use of reserves was removed when the budget was set and replaced with an approach that would build back reserves from 2020/21 onwards. This was in recognition of the need to build and enhance financial resilience and sustainability going forward and reserves were recognised to be a key part of this approach.

Of the £4.162m of savings included in the 2020/21 budget, £2.549m were delivered. The shortfall has been managed within the overall financial position for the year. The delivery of savings was impacted by Covid and, where appropriate, additional savings from elsewhere within the budget were identified and delivered to mitigate against the financial gap that this created. Consequently a further £0.297m of in-year stretch savings were achieved. Monitoring of progress against savings targets were provided throughout the year to Cabinet as part of the quarterly reporting arrangements.

The Council has also worked with a strategic partner to look at opportunities for transforming the Council and for delivering savings and efficiencies in future years that will support the delivery of the MTFs and help address the future financial gap. A total of £5m savings to be delivered through the transformation programme has been agreed and is reflected in the Council's budget from 2021/22 onwards.

The transformation programme is focussed on delivering more efficient and effective ways of working including the use of digital technology and delivering savings on an integrated neighbourhood footprint. This approach maximises the opportunities for working with Bury CCG. When the 2021/22 budget was set it was recognised that a further £21.898m in savings over the next 4 financial years would be required and work to deliver services within the projected future budgets is underway. The savings target is in addition to the £0.802m of savings that had already been agreed in previous budget setting rounds and are included in the financial strategy and the planned use of reserves of £12.958m in 2021/22 and a further £14.355m in 2022/23 to manage some anticipated short-term impacts of Covid.

It is recognised that the financial gap will change over the course of the next 4 financial years and will therefore be kept under regular review. The impact of Covid-19 has already significantly impacted our future planning forecasts, particularly in relation to loss of income, and reports to update Cabinet on changes in our financial strategy will be provided as well as updating our financial planning framework and principles where necessary.

Reserves

Reserves are resources we have accumulated over time and set aside for a particular purpose as part of an integrated approach to the successful financial management of the authority over the short, medium and long term. We hold reserves to:

- ensure future events outside of our control do not undermine the authority's overall financial position or impact on service delivery;
- plan for the effective use of resources over time for a specific purpose;
- ensure we meet funding conditions (set either by an external funding body or a specific decision of Members) in our use of any available resources;
- retain any other accumulated underspends prior to decisions on their use.

Our budget is set to include anticipated levels of reserves added or drawn down in the year; these plans may change as the year progresses to react to emerging pressures or other events and are approved in our quarterly monitoring process.

Some reserves are held at a corporate level to support overarching risks and strategies. The level of general reserves is consistent with the overall financial environment and the key financial risks faced by the Council. These risks are assessed at least annually and take account of circumstances at the time of assessment as well as trends into the future.

A new reserves strategy was agreed and implemented in July 2020. The consolidation of some reserves was agreed to ensure that the benefit of these is maximised and that a more strategic approach can be put in place.

The Council has previously reported a deficit on the Dedicated Schools Grant Reserve. This deficit has increased annually largely as a result of increased demand for out of borough placements for children with Special Educational Needs (SEN) and an increase in Education, Health and Care Plans. During the year, the department for education (DfE) worked with a small number of Councils with the highest deficits on the DSG. Bury was included in this cohort and following an extensive review, the Council secured funding totalling £20m over 4 years.

In securing the funding, the Council has made a commitment to deliver against an agreed plan and to reduce the deficit to a balanced position by the end of March 2024. An initial allocation of funding totalling £6m was received in March 2021 and has been applied directly to the deficit resulting in an improved position. Regular monitoring is in place with the DfE to ensure that plans are being delivered and to highlight any variances.

The table below sets out the position on reserves at the end of 2020/21.

Analysis of Reserves as at 31 March 2021	
Reserve	£m
General Reserves	34.241
Directorate Risk Reserves	3.512
Volatility and Fiscal Risk	37.096
Total Management of Risk Reserves	74.849
COVID-19 Related Grants	10.523
Corporate Priorities	14.013
External Funding/Grants	43.349
Total Earmarked Reserves	67.885
TOTAL COUNCIL RESERVES	142.734
Individual School Budgets	8.845
DSG Central Reserve	(21.407)
TOTAL SCHOOL RESERVES	(12.562)
TOTAL NET RESERVES	130.172

The COVID-19 Related grants, totalling £10.5m, that were provided at the end of 2020/21 by Central Government to support Councils with the impact of Covid-19, will be fully utilised in 2021/22.

Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner so as to ensure we retain sufficient liquid funds to provide for day to-day cash flow requirements whilst funding our capital spend at the lowest cost. These activities are managed within an overall framework determined by the Treasury Management and investment strategies that are updated by members annually. Interest income and expenditure as a result of investments or borrowing are reflected in our revenue budgets. Included in our investment income is the Council's interest in Manchester Airport Group. The airport has been significantly impacted by Covid and the dividend payable has not been received in 2020/21. As a planning assumption, the loss of dividend has been assumed for a further 2 financial years and the financial impact is being managed through the Airport Equalisation Reserve that is held by the Council to manage any fluctuations in airport dividend that may occur. As part of a package of support for the Manchester Airport Group, the Greater Manchester authorities agreed a loan totalling £300m of which Bury's share is £9.677m. The loan has been reflected in the monitoring reports that are reported to Cabinet.

Pensions

The majority of the Council's employees are members of the Greater Manchester Local Government Pension Scheme, which is administered on behalf of all of the Greater Manchester Local Authorities by Tameside Council. The valuation of the scheme reflects the valuation by the fund valuers at the end of the 2020/21 taking into account the impact of Covid. As a defined benefit scheme, the Scheme is shown as a long term liability in our accounts.

However, statutory arrangements for funding this deficit are in place, including increased contributions over the working life of employees, and means that our financial position remains healthy.

Management of Risk

The successful delivery of the Council's plans and our sustainability into the future are dependent on our ability to manage and respond to the risks we face. Many potential issues will remain on the risk register and be regularly monitored, while others are actively managed to reduce the risk or its impact. Further information can be found in the Annual Governance Statement section within this document.

Investment strategies are updated and approved by Members annually and this includes the newly approved Regeneration investment Reserve that is aligned to the Council's capital programme. Interest income and expenditure as a result of investments or borrowing is reflected in our revenue budgets. The Council has some investment properties, the performance on which is reported annually. In addition to this, the Council has investment in the Manchester Airport Group, dividend and interest income from which is included in the Council's budgets. To manage the risk in fluctuations, the Council has a volatility and fiscal risk reserve that includes an airport equalisation reserve.

Our Performance 2020/21

Over the past 12 months, whilst also delivering throughout the COVID-19 pandemic, the Council has focussed on delivering business as usual services and also begun to implement some transformation programmes which will be key to a successful recovery going forward. This delivery is set out in the Corporate Plan which was refreshed early in 2021 and monitored internally and externally through newly strengthened governance processes. Progress through the year has been set out below against the themes described in the Leader's annual report.

Covid-19 response

- Community Hubs have been launched across the borough, bringing together hundreds of volunteers and redeploying council staff to help vulnerable people with shopping, prescriptions, and other support. Hundreds of residents have been supported through this vital service.
- Local market traders were given a rent holiday, debt chasing was suspended, the pressure eased on local businesses who rent premises from the council by waiving rent payments, hundreds of businesses rates relief awarded, and thousands of small businesses were provided with grants all within one week of the first lockdown.
- All rough sleepers in our ABEN (A Bed Every Night) facility were moved into their own secure and safe accommodation with support and health provision. Supporting rough sleepers in Bury has remained important and our performance has continued to improve by the end of quarter four with 47 rough sleepers being supported.
- We have continued to provide free school meals to children over half-term breaks and for pupils who are required to self-isolate.
- The local vaccination response was set up at the end of 2020. Four vaccination centres were set up and as at 5 July 225,543 total vaccines had been delivered (both first and second doses).
- Community rapid testing was enabled across the borough through local sites, pharmacies, workplaces and schools.

- A dedicated business support team was set up during the pandemic, which has administered more than £30 million in local business grants through the various Local Restrictions Support Grants, Additional Restrictions Grants, closed business lockdown payments, and Restart Grants schemes. The Business Rates team also paid out £40 million in small business and retail grants between April and September 2020.
- The Council has committed to paying our employees, whether directly employed by the Council or contracted out, the Real Living Wage (£9.50ph).

Recovery

- We were successful in bidding for a grant of £8.5 million to cut carbon emissions from our buildings. This is an important part of our Bury 2030 strategy delivery. Improvements will be made to 16 council buildings include double glazing, insulation measures, air source heat pumps, solar panels, and LED lighting. This will lead to total annual energy savings of £265,160 and reduce annual carbon emissions by 1,033 tonnes.
- We have invested £3.5 million in a new 'fit for purpose' fuel efficient fleet of 19 waste collection vehicles to boost efficiency. Fourteen of the new vehicles are 'state of the art' Rotopress vehicles. The main noticeable difference with Faun Zoeller Rotopress vehicles is that the main body of the vehicle is in the form of a cylindrical drum. This rotates while the vehicle is stationary and on the move, to shift the waste to the front of the vehicle.
- Savings of nearly £140,000 will be made after the installation of solar panels at the council's operations HQ at Bradley Fold. Some 69 panels have been fitted to the south-facing roof of the vehicle workshop of the depot. The panels will generate around 22,000kWh of electricity annually and reduce carbon emissions by 10 tons a year.
- We pledged £350,000 of funding for upgrades to Clarence Park, which includes £150,000 to restore the skate park. A public consultation which attracted more than 600 responses found many users wanted to skate park to return. The park will also see refurbishment of the tennis courts, play area, ball zone, paths, railings, signage, landscaping, benches and bins.
- In the budget earlier this year we took the decision to invest a further £600,000 in green spaces in its next phase of an ongoing programme to upgrade Bury's Green Flag parks. This complements the £1.1m green spaces improvement programme approved in November 2020.
- Our three gyms have had a £500k upgrade to improve the digital experience of their thousands of visitors. The improvements at Castle Leisure Centre, Radcliffe Leisure Centre and Ramsbottom Pool & Fitness Centre were carried out in time to welcome customers back on 12 April when coronavirus lockdown restrictions were lifted.
- 92% of residents reported that they felt safe by the end of the financial year, which is a higher proportion than previously reported

- The percentage of business rates and council tax collected this quarter has risen, as to be expected given this report covers the final quarter of our financial year. The overall collection rates performance for 2020-21 has been consistent.
- Financial reporting shows that our OCO department achieved 103% of their savings target and Children and Young People achieved 93% of their savings target, which is a demonstration of success during the challenging times of the pandemic
- Work is underway with Bury Employment Health and Skills Task Force (BEHAST) to update Youth Hub, refresh digital inclusion offer including Barclays Digital Wings programme and via Bury Adult Learning

Regeneration

- We have continued to deliver on regeneration of the borough with plans for Radcliffe, including a new high school, Prestwich town centre, public realm and place management for Ramsbottom and the transport interchange in Bury town centre.

The future of our borough

- Towards the end of February, we began our 'Bury Futures' conversations, bringing together local, regional and national thought leaders to discuss Bury topics linking into our Bury 2030 strategy.
- The Bury 2030 Strategy, published in 2020 has been developed by the 'Team Bury' partnership for everyone who has a stake in our Borough's future: local people, community groups, organisations of every sort, whether public, private or voluntary. A strategy that now belongs to all of us and delivering it is a responsibility we all share.
- Establishment of Kickstart programme in conjunction with DWP to give opportunity to potential apprenticeships in the borough
- Our partnership agreement with the VCFA has been refreshed to strengthen the performance management and connection to the overarching borough strategy
- The Health and Wellbeing Board has recently refocussed its remit to become a standing commission on health inequalities and framed by the Kings Fund model of a population health system
- Neighbourhood working has been further developed across the partnership to target our support to help vulnerable people to access opportunities and create new ones on their own, without creating long-term dependency on public assistance. The teams will provide joined-up support from social workers, schools, housing, youth services, employment teams, probation, police and other services. This new network will build on the children's early help teams to provide support across whole families and communities. The Council is seeking to establish a new relationship with communities based on meaningful voice, co-design and collaboration.
- A transformation programme is now under design as a base for business case investment, The Council is now approaching the third phase of the strategy, to drive the performance of the partnership through a transformation model.

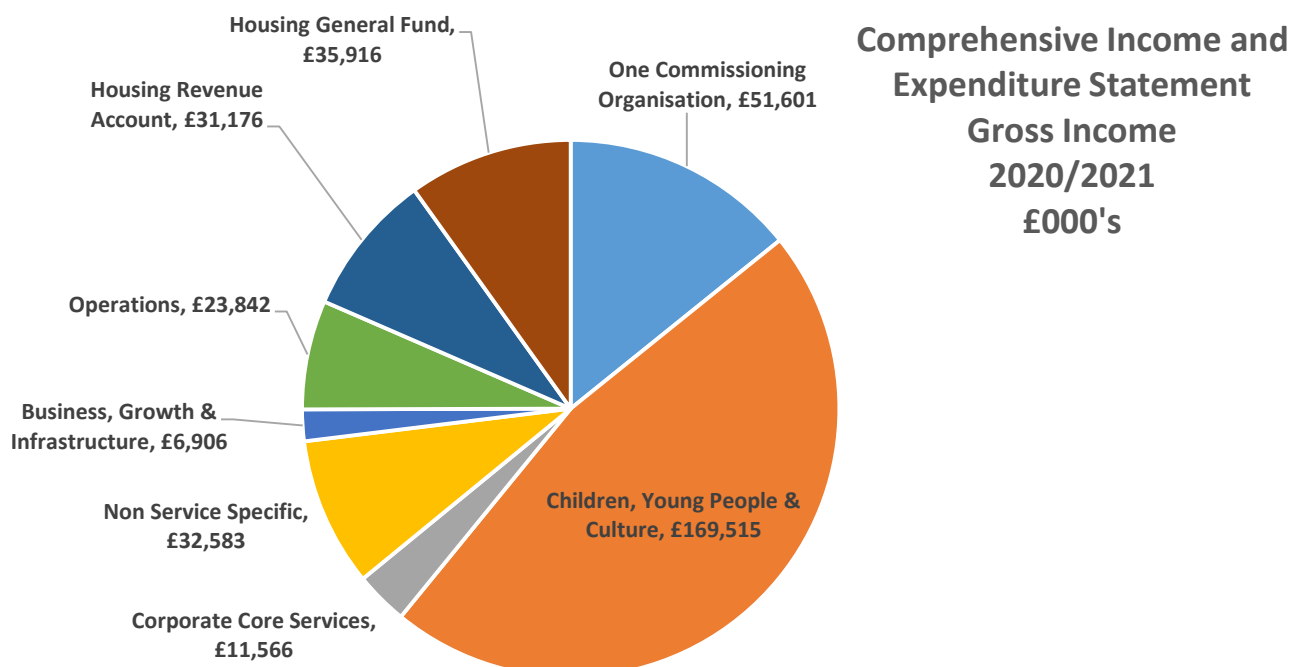
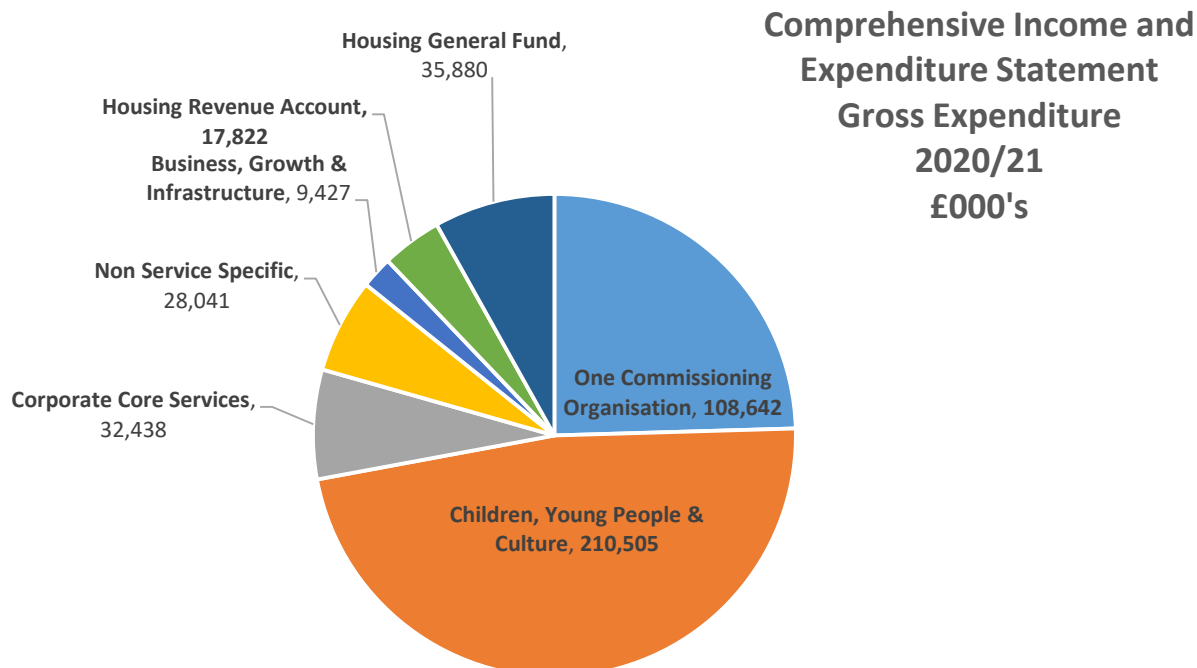
Financial Performance 2020/21

Our total revenue income from all sources in 2020/21 was £560.252m. We have spent £562.159m on providing our services, included schools. Together with some technical

adjustments this makes up the gross expenditure shown in the Comprehensive Income and Expenditure Statement.

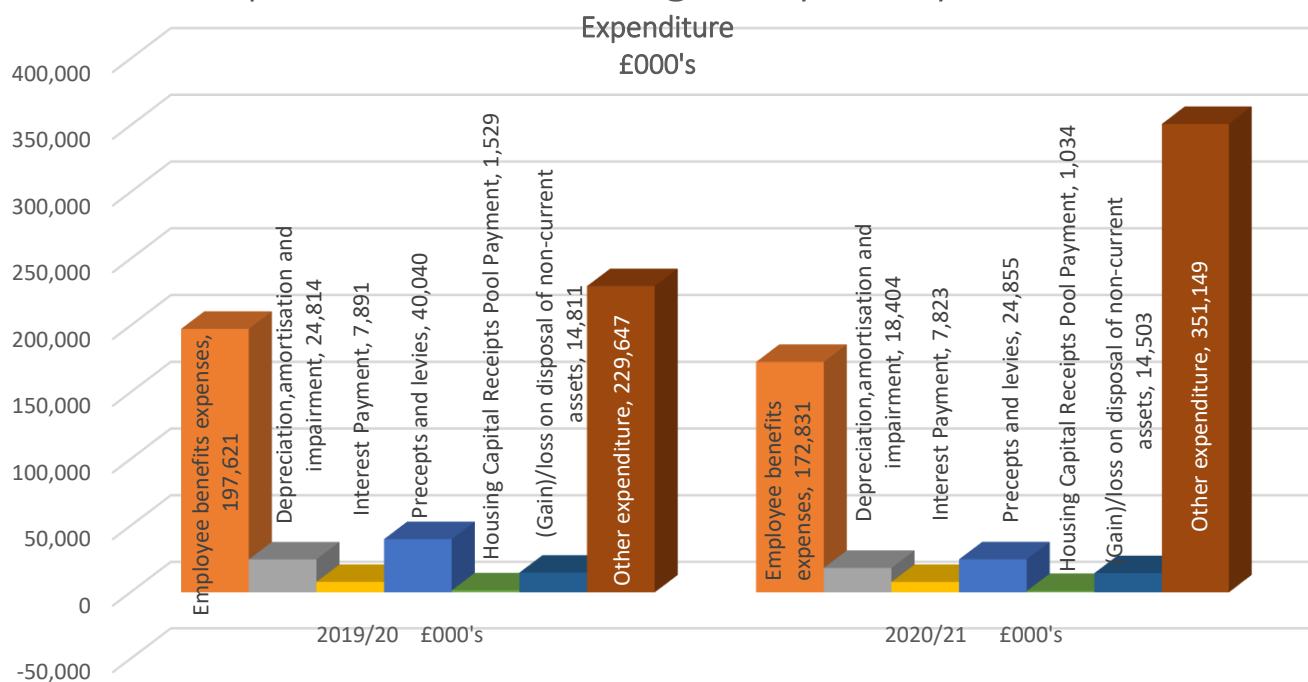
This Income and Expenditure is analysed by department and by nature below:-

By department:-



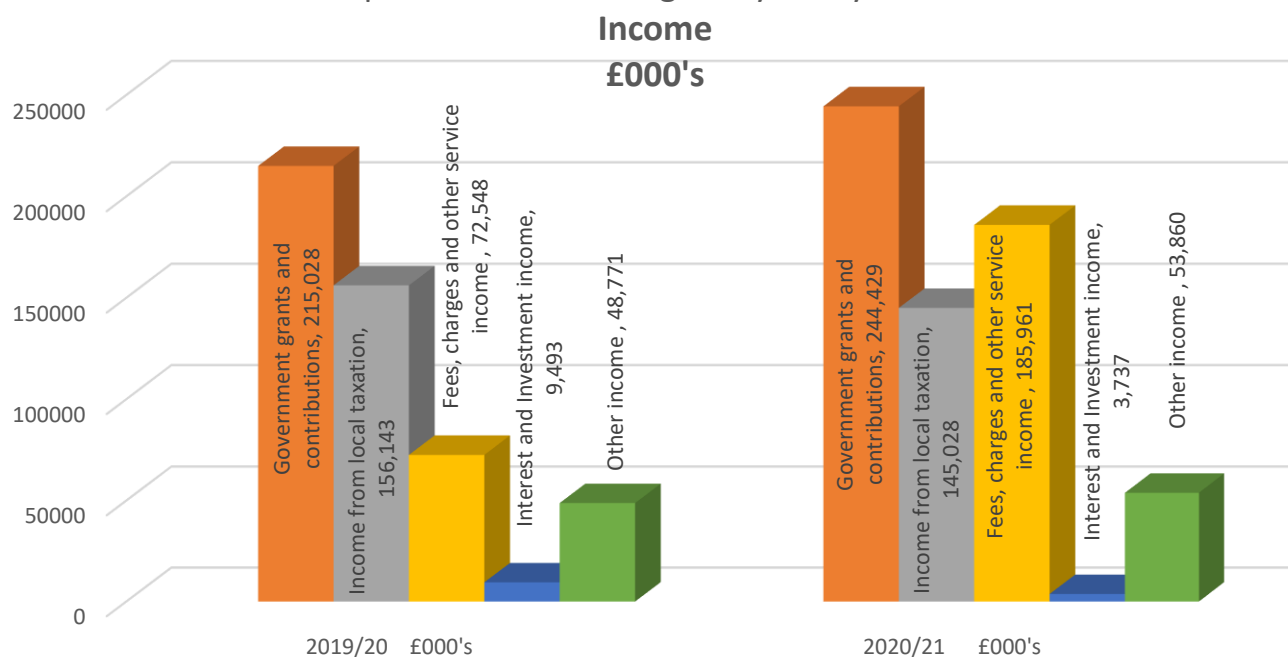
By nature:-

Expenditure & Funding Analysed by Nature



The 'Other expenditure' block above includes all payments made to suppliers for goods and services received during the year.

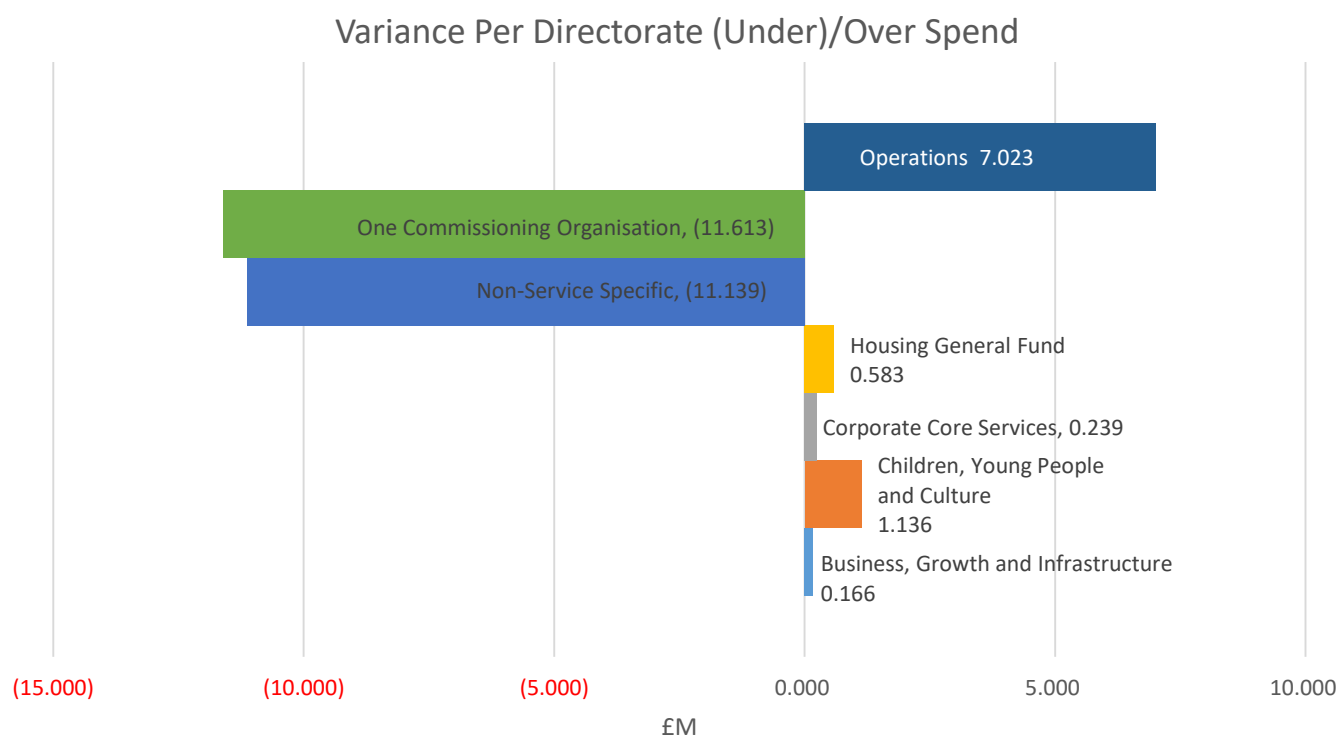
Expenditure & Funding Analysed by Nature



Revenue Underspends/Overspends

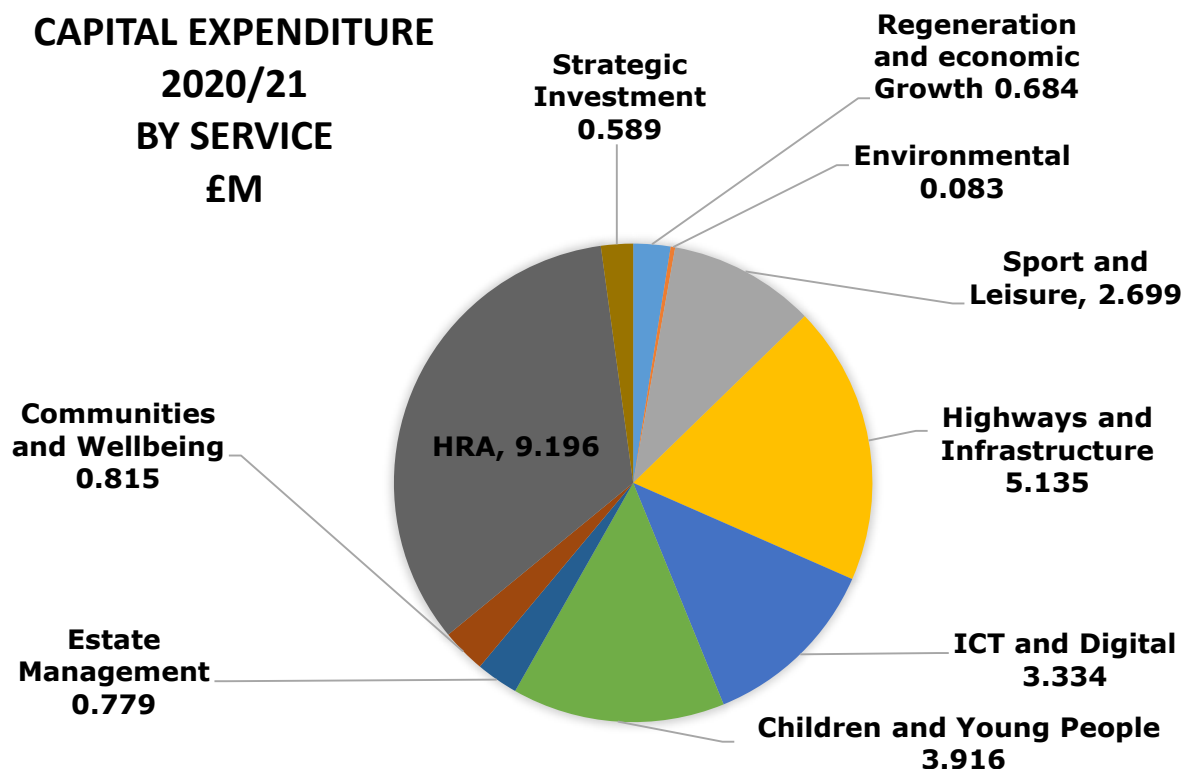
The net value of the funding and expenditure is an underspend of **£13.605m**. This includes a planned underspend of £10.5m to the pooled fund with the CCG to facilitate the release of additional health funding in 2019/20. The additional contribution reverses the planned overspend in 2019/20 that was included in the 2019/20 year end position. When taken into account, the underlying underspend for the year is £3.105m, £567k of which was always a planned contribution to reserves.

The under/overspends are as follows:



Capital Spending and the value of our assets

We spent £27.229m on capital related activities. This was £23.868m less than was included in the original capital programme and taking account of slippage brought forward from the 2019/20 financial year. The main reasons for the underspend were delays in the delivery of capital projects throughout the year. A review of the capital programme was undertaken during 2020/21 to ensure that all capital projects were reflected in the programme and that budgets are fully aligned within the programme. The Council has carried forward £13.297m of slippage into the 2021/22 financial year.



The value of our assets has decreased from £599.526m to £581.526m in 2020/21. The main reasons for the decrease are:

Analysis of Movement in Fixed Asset Value



2020/21	Analysis of Movement	Capital Expenditure £000
PPE	Community Assets	92
	Council Dwellings	7,942
	Infrastructure	4,449
	Other Land & Buildings	3,120
	Surplus Assets	261
	Vehicles Plant & Equipment	1,627
	Assets Under Construction	4,991
Other Long Term	Intangible Assets	1,291
	Investment Properties	87
	Long Term Investment	0
Other Expenditure Funded by Capital	Held for Sale	0
	REFCUS	3,369
	Total Per Movement Type	27,229

Savings and Efficiencies

Bury has delivered £88.945 in savings between 2010 and 2020, with a further £4.162m being delivered in 2020/21. The delivery of some of these savings was affected by Covid and, where possible, alternative efficiencies were identified. All of the agreed savings targets remain in the budget for 2021/22 as it is considered that these are still achievable in the longer term. The Council recognises the need for savings plans to be delivered, and the Council has previously worked with external advisors to test assumptions and deliverability of savings options for future years. Since then, project management capacity has been increased and a programme that supports and monitor the delivery and deliverability of savings is in place. This embedded support will continue into future years.

Reserves

There was no planned use of reserves to balance the 2020/21 position. Earmarked reserves have however been used throughout the year to deliver key priorities and deliver outcomes where specific funding had been received and was being held in reserves. A review of our reserves and provisions and a subsequent consolidation was carried out in the last financial year and the reserves position has been reviewed again in light of Covid.

The reserves position is higher than anticipated at the end of the financial year due to the fact that some Covid related grants were received at the end of the year but will support activity in 2021/22.

The accounts show that the council has £104.475m in earmarked reserves. Some of our reserves reflect the fact that the Government allocated grant funding to support Councils manage the financial impact created by additional requirements or increased demand, some of which was only received in the last weeks of the financial year. It is anticipated that these will be fully utilised in 2021/22 and plans are being developed to ensure that the funding is target in the most effective way. The remaining £93.952m is currently offset by a deficit reserves on the Dedicated Schools Grant. This reduced by £2.621m to £12.561m

largely due to an allocation of £6m funding from the Department of Education (DfE) to support those Councils with the highest DSG deficits. The DfE will be monitoring progress against the agreed plan to ensure that progress in delivering a balanced position by March 2024 is on track.

The remaining £93.952m is considered to be a robust figure and allows some flexibility to balance the challenges of meeting current and unknown future economic uncertainty alongside investment to improve our efficiency and the wider community economic recovery.

The Collection Fund

The council is required by legislation to maintain a separate account for the administration of Council Tax and Business Rates income. All income collected from local taxpayers is paid into this account and then distributed to the Council's General Fund, and to the Greater Manchester Combined Authority (GMCA) for the GMCA Mayoral Police and Crime Commissioner precept and the GMCA Mayoral General precept (including fire services). The 2020/21 out turn on the collection fund is a deficit of £28.740m.

The Council's and the Precepting Authorities share of the surplus is shown in the table below:

The Collection Fund	Council Tax £000s	Business Rates £000s	Total £000s
2020/21 Movement in year	9,488	36,742	46,230
Fund balance brought forward	(8,888)	(8,602)	(17,490)
Closing Cumulative (surplus) / Deficit carried forward	600	28,140	28,740
Allocated to:			
Bury Council	504	27,859	28,363
GMCA Mayoral General	31	281	312
GMCA Mayoral Police and Crime Commissioner	65	0	65
Total Allocation	600	28,140	28,740

As part of the Council's 2020/21 budget setting process, the Council declared a £17.235m Collection Fund surplus for the year. In line with the legislation that governs the Collection Fund accounting, £15.808m has been released into the Council's General Fund in 2020/21 and £1.426m has been distributed to the GMCA Mayoral General precept and the GMCA Mayoral Police and Crime Commissioner Precept. The balance of £0.255m (£17.490m less £17.235m) will be distributed in 2021/22. The variance relates to the differences between the estimated position as at January 2021 and the final outturn position. When the 2020/21 budget was set, the Council announced its intention to set aside some of the one-off allocation to support the wider transformation of the council and to support some priority capital projects that were identified at that time. Updates will be provided throughout the year as part of the established monitoring arrangements.

Greater Manchester 100% Business Rates Retention Pilot

On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. The participants agreed to pilot full Business Rates Retention on the basis that no district would be worse off than they

would have been under the original '50/50' arrangements whereby Business Rates revenues are shared between Central Government and the Local Authority sector. This has become known as the 'no detriment' principle. Under the pilot scheme, additional rates income is offset by reductions in other funding streams such as the Revenue Support Grant (RSG) and Public Health Grant.

It was always the intention that the Greater Manchester region as a whole would benefit from the 100% Business Rates Retention Pilot and on this basis, it has been agreed that a minimum of 50% of the benefit would be retained by Greater Manchester Authorities and that the balance would be retained by GMCA. The Council retained £2.228m of the 2019/20 benefit of £4.456m, and the equivalent figure in 2020/21 is £3.876m, this is reflected in our out turn position. The GMCA share will be used to support the delivery of Greater Manchester priorities outlined in the GMCA 2021/22 budget reports. During 2020/21 it was agreed that there would not be a no detriment payment to GMCA due to the impact of COVID 19 and the large deficit being reported.

Whilst the Council will continue to pilot the 100% retention of Business Rates in 2020/21, it is difficult to accurately budget for the expected benefit at the beginning of the financial year and as such a prudent approach was taken and the budget was set with the level of assumed benefit remaining constant and no further growth was built in. Business rates income is a complex and volatile tax, changes in rateable values and increases in appeals by businesses are difficult to predict and can have a significant impact on the actual benefit realised at the end of the financial year.

From the Government's perspective, the primary purpose of the pilot was to develop and trial approaches to manage risk and reward in a Local Government finance system that included the full devolution of Business Rates revenues. Government plans subsequently changed with a 75% Business Rates Retention Scheme expected to be introduced.

It was initially expected that the reform of the Business rates Retention (including the adoption of the 75% rates retention scheme) would be implemented from 2020/21. This was subsequently delayed to 2021/22. However, confirmation was received as part of the 2020 Spending Round on 25 November 2020, that the Greater Manchester 100% Business Rates Retention pilot scheme would continue for a further year in 2021/22.

Borrowing and Investments

Whilst the average short-term rate that financial institutions lend money to each other in 2020-21 was -0.07%, our treasury management activity generated a slightly higher investment rate of 0.13%. Our investments have been managed prudently. Our long-term debt outstanding is £200.826m as at 31 March 2021, and is £7.110m higher than at the end of the 2019/20 financial year when the level of borrowing was £193.716m. At the end of 2020/21 we were holding £11.044m in cash or cash equivalents.

Pensions

As at 31 March 2021, our pensions liability was £356.592m, a decrease of £106.128m over the year. This remains within the expected range and we are confident that this liability is well managed within the statutory arrangements.

Outlook

Pre Existing Financial Challenges

2020/21 was the first year of the Council's new Medium term Financial Strategy (MTFS). When the budget was set, it was recognised that a reliance on reserves and the non-delivery of savings was impacting on the Council's financial resilience and sustainability and could not be continued. A rolling 5-year financial strategy was developed that realigned budgets, addressed historic savings targets that had never been delivered, reduced reliance on reserves, increased corporate capacity and built in a mechanism to increase reserves on a planned basis.

A review of the collection fund, provisions and reserves also further supported the strategy by ensuring that funding reflected a more accurate position on council tax receipts and growth and that one-off funding was released to increase general reserves and to provide some one-off funding to support transformation. Provisions and reserves were also better aligned to reflect the risks facing the Council.

In developing this approach, the financial strategy recognised the need for a number of risks to be monitored, managed and where uncontrollable, to be financially underwritten:

- Prolonged uncertainty around central Government's future funding including a new funding model for adults social care to replace the social care council tax and the better care fund grants;
- Dependency upon locally collected Business Rates placing greater reliance on the need to maintain reserves to manage volatility;
- Designing and delivering sustainable delivery of Special Educational Needs within the Dedicated Schools Grant;
- The broader economic impact, such as the impacts of movements in inflation, council tax base and interest rates on our day to day costs, income and debt repayments;
- Pension cost increase arising from revaluations and any Central Government decisions about the Local Government Pension Scheme's funding mechanisms.

Covid-19

The financial impact of the pandemic has been widespread and has affected all Government bodies. For Bury, the impact was largely due to:

- Additional expenditure incurred in response to the pandemic
- The impact on the local economy and the impact on collection rates of both council tax and business rates as well as a fall in income from sales, fees and charges,
- A delay in the delivery of some of the agreed savings targets.

The impact of the pandemic has been mitigated, to some extent, by additional grant funding provided to Councils by Central Government. Some of the funding received was un-ringfenced and other funding to offset the cost of implementing new requirements and support, particularly that to businesses. Funding was received throughout the year and some has been carried forward as a reserve for use in 2021/22. This approach reflects the fact that some funding was received late in the financial year and also that the impact of Covid will continue. The application of the funding and the prudent approach adopted in managing the financial impact of the pandemic has resulted in a healthy financial position.

There does however remain a significant element of uncertainty for future years. The impact of the pandemic will continue for some time and the risk in the longer term remains.

The Council's MTFS has been set assuming that there will be a continuation of some of the pressures most notably an increase in demand, continued loss of income from sales fees and charges and a loss of income from the airport. Regular updates on the financial position and updates to the MTFS will be carried out during the year in order to inform the budget setting process for 2022/23 and beyond.

Mitigation

The risks to the financial strategy are common to all local authorities and we continue to combat these through a mix of active management and financial planning. In response to the Covid pandemic specific risks, the Council is carrying out the following measures;

- Updating and reviewing its risks registers through a refreshed approach which will be a key focus of the Executive Team;
- A refresh of the medium term financial strategy will be carried out and updated throughout the year to reflect the response requirements and emerging trends, i.e. demand, cost pressure etc.
- Engaging nationally, regionally, sub regionally and locally with partners, businesses and the voluntary sector to influence recovery and jointly manage any emerging risks and funding gaps.

Housing Revenue Account (HRA)

Under legislation, income and expenditure on council housing is ringfenced within the HRA. This means the council is not able to make contributions to or from its General Fund from or to the HRA.

After taking into account adjustments between the accounting basis and the funding basis under legislation and transfers to and from earmarked reserves there is an increase of £2.029m on the HRA balance bringing it to £10.422m as at 31 March 2021. On an accounting basis, the 2020/21 outturn position on the HRA is a surplus of £10.748m.

Group Accounts

The Council's Group Accounts include those entities where there is a material financial interest and the Council holds a significant level of control. The Council's Group boundary comprises of:

- Six Town Housing Ltd.,
- Bury MBC Townside Fields Ltd.,
- The Persona group of companies, Persona Care and Support Ltd and Persona Group Ltd.

In accordance with the Code, consideration has been given as to whether these entities should be consolidated in the Council's Group Accounts. Six Town Housing Ltd, Bury MBC

Townside Fields Ltd and the Persona group of companies, are consolidated into the Council's Group Accounts.

Further details on the Group entities and the Group Accounts can be found in the Group Accounts section of the Council's statement of Accounts.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Bury that Officer is the Section 151 Officer.
- To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- To approve the Statement of Accounts.

The Responsibilities of Audit Committee

Audit Committee is required:

- To monitor the integrity of the financial statements of the Council and to review significant financial reporting judgements contained in them;
- To review the Council's internal financial controls including its risk management systems;
- To monitor and review the effectiveness of the Council's internal audit function;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- To consider significant accounting policies, any changes to them, and any significant estimates and judgements;
- To review the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
- To approve the audited Statement of Accounts.

The Responsibilities of the Section 151 Officer

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of CIPFA's Code of Practice on Local Authority Accounting in Great Britain, is required to present **a true and fair view** of the financial position, financial performance and cash flows of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2021.

In preparing the Statement of Accounts the 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 Code of Practice on Local Authority Accounting.

The Section 151 Officer has also:

- Kept proper accounting records which are up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Signed the letter of representation with the External Auditor;
- Signed and dated the draft Statement of Accounts, confirming satisfaction that it presents a true and fair view of the authority's financial position at the balance sheet date, the authority's income and expenditure for the year;
- Commenced the period for the exercise of public rights with regards to the inspection of the statement of accounts;
- Notified the external auditor of the date on which that period began;
- Assessed the Authority's [and the Group's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority [and the Group] will continue in operational existence for the foreseeable future;
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- Reconfirmed satisfaction that the accounts present a true and fair view of the financial position at the balance sheet date and the income and expenditure for the year, upon conclusion of the public inspection period and immediately prior to approval of the audited accounts by Audit Committee.

Auditor Responsibilities

The External Auditor's Certificate and Opinion is included at **page 29.**

Sam Evans

Joint Chief Finance and S151 Officer

Xx xxxxx, 2021,

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Independent auditor's report to the members of Bury Council

Report on the financial statements

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Emphasis of Matter – Effect of the Covid-19 pandemic on the valuation of property, plant and equipment, investment property, and the Council's share of pension fund property assets

We draw attention to notes 18 and 37 of the financial statements, which describe the effects of the Covid-19 pandemic on the valuation of the Council's property, plant, and equipment, investment property, and the valuation of the Council's share of Greater Manchester Pension Fund's property assets. As disclosed in notes 18 and 37 of the financial statements, the Council's and Pension Fund's valuers included a 'material valuation uncertainty' declaration within their report as a result of the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We have nothing to report in these respects.

Qualified conclusion on Bury Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Qualified conclusion – Except for

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, with the exception of the matters described in the 'Basis for qualified conclusion' paragraphs below, we are satisfied that, in all significant respects, Bury Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the

Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

The Council has started to implement significant and ambitious plans for the reorganisation and transformation of the Council. Work has been underway to update and improve the overall governance and decision-making arrangements to support corporate planning, risk management, financial management, and performance management. However, these arrangements were not completely embedded during 2019/20. We consider this to present a weakness in the Council's proper arrangements for informed decision making.

Responsibilities of the Council

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

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

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

Use of the audit report

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

Delay in certification of completion of the audit

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

In addition, we cannot formally conclude the audit and issue an audit certificate until the Council's previous auditors have completed their consideration of matters brought to their attention in 2015/16. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Karen Murray

Karen Murray
For and on behalf of Mazars LLP

One St Peter's Square
Manchester
M2 3DE

25 March 2021

Core Financial Statements and Explanatory Notes

Comprehensive Income and Expenditure Statement

2019/20*			Comprehensive Income and Expenditure Statement	Note	2020/21		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's			Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
128,071	(49,821)	78,250	One Commissioning Organisation		108,642	(51,601)	57,041
225,552	(168,765)	56,787	Children, Young People & Culture		210,505	(169,515)	40,990
33,077	(14,158)	18,919	Corporate Core Services		32,438	(11,566)	20,872
5,950	(37,270)	(31,320)	Non Service Specific		28,041	(32,583)	(4,542)
10,388	(6,232)	4,156	Business, Growth & Infrastructure		9,427	(6,906)	2,521
56,128	(35,780)	20,348	Operations		48,895	(23,842)	25,053
38,930	(38,332)	598	Housing General Fund		35,880	(35,916)	(36)
18,611	(30,325)	(11,714)	Housing Revenue Account		17,822	(31,176)	(13,354)
516,707	(380,683)	136,024	Cost of Services		491,650	(363,105)	128,545
43,267	(2,055)	41,212	Other Operating Expenditure	5	40,983	(591)	40,392
33,490	(29,333)	4,157	Financing & Investment Income & Expenditure	6	29,526	(20,133)	9,393
2,228	(169,251)	(167,023)	Taxation & Non-Specific Grant Income & Expenditure	7	0	(176,423)	(176,423)
595,692	(581,322)	14,370	Surplus or Deficit On Provision of Services		24,855	0	1,907
		(16,776)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment				(8,946)
		4,980	Impairment Losses on Non-Current assets charged to the Revaluation Reserve				7,759
		22,500	(Surplus)/Deficit from investments in Equity Instruments designated at fair value through Comprehensive Income				(1,890)
		(62,050)	Actuarial (gains)/losses on Pension assets & liabilities				95,446
		(51,346)	Total Other Comprehensive Income & Expenditure				92,369
		(36,976)	Total Comprehensive Income & Expenditure				94,276

*2019/20 figures re-stated to reflect change in Council departmental structure

Movement in Reserves Statement

Movement in Reserves Statement 2020/21	Usable Reserves								Unusable Reserves	Total Reserves
	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April Brought Forward	(6,990)	(52,626)	(59,616)	(8,393)	(6,974)	(46)	(9,982)	(85,011)	(126,669)	(211,680)
Movement in reserves during 2020/21										
Total Comprehensive Income and Expenditure	12,671	0	12,671	(10,764)	0	0	0	1,907	92,369	94,276
Adjustments between accounting basis and funding basis under regulations	(91,770)	0	(91,770)	8,735	2,084	32	374	(80,545)	80,545	0
Net (increase) / decrease before transfers to Earmarked Reserves	(79,099)	0	(79,099)	(2,029)	2,084	32	374	(78,638)	172,914	94,276
Transfers to/from Earmarked Reserves	51,848	(51,848)	0	0	0	0	0		0	0
(Increase)/Decrease in Year	(27,251)	(51,848)	(79,099)	(2,029)	2,084	32	374	(78,638)	172,914	94,276
Balance at 31 March carried forward	(34,241)	(104,474)	(138,715)	(10,422)	(4,890)	(14)	(9,608)	(163,649)	46,245	(117,404)

The following table is provided for comparative purposes:

Movement in Reserves Statement Restated 2019/20	Usable Reserves								Unusable Reserves £000	Total Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000		
Balance at 1 April Brought Forward	(7,703)	(32,551)	(40,254)	(6,970)	(5,415)	0	(10,904)	(63,543)	(111,159)	(174,702)
Movement in reserves during 2019/20										
Total Comprehensive Income and Expenditure	21,637		21,637	(7,267)				14,370	(51,346)	(36,976)
Adjustments between accounting basis and funding basis under regulations	(40,999)		(40,999)	5,844	(1,559)	(46)	922	(35,838)	35,838	0
Net (increase)/decrease before transfers to Earmarked Reserves	(19,362)	0	(19,362)	(1,423)	(1,559)	(46)	922	(21,468)	(15,508)	(36,976)
Transfers to/from Earmarked Reserves	20,075	(20,075)	0							0
(Increase)/Decrease in Year	713	(20,075)	(19,362)	(1,423)	(1,559)	(46)	922	(21,468)	(15,510)	(36,976)
Balance at 31 March carried forward	(6,990)	(52,626)	(59,616)	(8,393)	(6,974)	(46)	(9,982)	(85,011)	(126,669)	(211,680)

Balance Sheet

2020 31st March 2020 £000's	Balance Sheet Description	2021 Note -	31st March 2021 £000's
553,206	Property, Plant & Equipment	9	533,536
24,592	Heritage Assets	10	26,353
18,998	Investment Property	11	17,739
2,219	Intangible Assets	12	3,276
32,070	Long Term Investments	13	37,700
31,816	Long Term Debtors	14	44,142
662,901	LONG TERM ASSETS		662,746
5,269	Short Term Investments	13	521
1,269	Stocks & Work in progress		1,069
58,349	Sundry Debtors & Advance Payments	14	125,735
21,190	Cash and Cash Equivalents	15	11,044
511	Assets Held For Sale	16	622
86,588	CURRENT ASSETS		138,991
(23,439)	Short Term Loans Outstanding	13	(6,392)
(177)	Deposit & Client Funds		(145)
(5,626)	Short Term Provisions	19	(3,948)
(51,397)	Sundry Creditors & Advance Receipts	17	(102,932)
(250)	Revenue Grants In Advance		(73)
(80,889)	CURRENT LIABILITIES		(113,490)
(193,987)	External Loans Outstanding	13	(201,095)
(2,184)	Capital Grants Receipts in Advance		(4,272)
(49)	Finance Lease Liabilities	13	(27)
(1,866)	Deferred Liabilities	13	(970)
(250,464)	Pension Liability	18	(356,592)
(8,370)	Long Term Provisions	19	(7,887)
(456,920)	LONG TERM LIABILITIES		(570,843)
211,680	NET ASSETS		117,404
(85,011)	Usable Reserves	20	(163,649)
(126,669)	Unusable Reserves	21	46,245
(211,680)	TOTAL RESERVES		(117,404)

Cash Flow Statement

Cash Flow Statement	Note	2019/20	2020/21
		£000's	£000's
Net surplus or (deficit) on the provision of services		(14,370)	1,907
Adjustment to surplus or deficit on the provision of services for noncash movements		47,376	16,374
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(15,868)	(4,358)
Net Cash flows from Operating Activities	22	17,138	13,923
Net cash flows from Investing Activities	23	(14,764)	(11,526)
Net cash flows from Financing Activities	24	11,989	(12,543)
Net increase or (decrease) in cash and cash equivalents		14,363	(10,146)
Cash and cash equivalents at the beginning of the reporting period		6,827	21,190
Cash and cash equivalents at the end of the reporting period		21,190	11,044

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Notes to the Core Financial Statements

1 Accounting Policies for the 2020/21 Statement of Accounts

General Principals

Basis of preparation

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Council Accounting in the United Kingdom 2020/21 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Events after the Balance Sheet Date

Events may occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue, which may have a bearing upon the financial results of the past year. Two types of events can be identified:

- Conditions existing at the end of the reporting period:
 - The Statement of Accounts would be adjusted to reflect such events.
- Conditions arising after the end of the reporting period:
 - The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Group Accounts

The Council has material interest in external entities that are classified as subsidiaries and which are consolidated into the Council's group accounts on a line by line basis, after eliminating intra group transactions.

An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e. the consolidation would mean that the group accounts are not materially different to the single entity accounts.

Pooled Budgets

The Council is the host partner of the pooled funds in respect of Health and Social care and the Better Care Fund. The arrangements are made in accordance with section 75 of the National Health Service Act 2006 and allows budgets to be pooled between authorities and health and social care organisations.

The arrangements are accounted for as joint operations and, therefore, the Council accounts for its share of the funds' assets, liabilities, expenditure and income.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on 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 amending opening balances and comparative amounts for the prior period.

Accounting policies for income and expenditure

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Revenue and expenditure recognised but cash not received or paid. A debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Capital Charges to Revenue for Non-Current Assets

Services, are charged with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible non-current assets attributable to the service.

The Council is not allowed to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in the approved Minimum Revenue Provision policy. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is included in the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

Council Tax and Non Domestic Rates income

Council Tax, Retained Business Rates and Business Rates Top-up Grant income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Business Rates, Business Rates Top-up Grant and Council Tax income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a billing Council, the difference between the Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each major preceptor's share of the accrued Business Rates and Council Tax income is available from the information that is required to be produced in order to prepare the Collection Fund Statement.

Business Rates and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates

Depreciation

Depreciation is provided for Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Category	Measurement Basis
Dwellings	Component Life
Other Buildings	Straight line allocation over the useful life of the property as estimated by the valuer.
Vehicles, plant, furniture, and equipment	Straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer.
Infrastructure	Straight line allocation up to 25 years

Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. mobile phones) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Employee Accumulated Absence Accrual

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday entitlement occurs.

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 services 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.

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

- The Greater Manchester Local Government Pension Scheme, administered by Tameside Metropolitan Borough Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by EA Finance NHS Pension

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' and NHS schemes means that liability for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Greater Manchester Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method; 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. Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

The assets of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

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

- current service cost – the increase in liabilities as a result of years of service earned in the current year – allocated in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- net interest on the net defined benefit liability - 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

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.

Remeasurement 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.
- Contributions paid to the Greater Manchester Pension Fund - cash paid as employer contributions to the pension scheme in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve, to remove the notional debits and credits for retirement 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where revenue grants are credited to the Comprehensive Income and Expenditure Statement but have yet to be used to fund revenue expenditure, they are posted to the Revenue Grant Reserve. When eligible expenditure is incurred in future years the grant is transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Overheads and Support Services

The costs of support services such as administration and management are charged to services in accordance with the Council's arrangements for accountability and performance

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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 disclosed in a note to the accounts.

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 disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Revenue Recognition

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue

Value Added Tax (VAT)

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Accounting policies for assets and liabilities

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of a change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the amount that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses both in house and external valuers to provide a valuation of its non-financial assets and liabilities, for recognition or disclosure as appropriate, in line with the highest and best use definition within IFRS 13 Fair Value Measurement.

The highest and best use of the asset or liability being valued is considered from the perspective of a market participant. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

Financial Instruments

Classification of Financial Instruments

The Council's financial assets and liabilities have been classified as follows:

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI), and
- fair value through profit or loss (FVPL).

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets measured at 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. The interest received on these assets is spread evenly over the life of these instruments.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

Financial Assets Measured at Fair Value through Profit of 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 received.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual 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 most of the borrowings held by the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio

that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and 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 have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant is received. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Heritage Assets

The Council's Heritage Assets are held by the Council principally for their contribution to knowledge and/or culture. These include Civic Regalia, Artefacts and various gifts & bequests some of which are held in the Museum and Art Gallery. These are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's accounting policies on Property Plant and Equipment.

The land and building assets identified to date include Radcliffe Tower, the Dungeon and Rodger Worthington's grave. As there is no available valuation for these assets they have been reported at nominal value as recommended by the Council's property valuer.

However, some of the measurement rules are relaxed allowing the Council's Heritage Assets to be included on the Balance Sheet at their insured value where available. Where insurance valuations are not available there is a narrative disclosure.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a Heritage Asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

Investment Property

Investment properties are those assets that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. Gains and losses on revaluation are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Useable Capital Receipts Reserve.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Operating Leases:

Rental paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Operating Leases:

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council has a £15,000 de-minimis limit for the recognition of Capital Expenditure.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Assets that are being constructed by the Council will initially be recognised at cost. The Council does not capitalise borrowing costs incurred in the cost of acquisition, construction and completion of qualifying assets.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

Category	Measurement Basis
Community assets, infrastructure assets and assets under construction	Depreciated historical cost
Dwellings	Current value, determined using the basis of existing use value for social housing (EUV-SH).
Surplus Assets	Fair value, determined by the measurement of the highest and best use value of the asset
All Other operational Assets	Current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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. For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Component Accounting

Component accounting is applied only to housing stock in accordance with the analysis provided by the valuer.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value of disposals is not a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. If the disposal relates to housing assets a proportion of the capital receipt is payable to the Government (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances). The balance of receipts is required to be credited to the Useable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Useable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are held to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council. These reserves are further explained in the relevant policies.

Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are 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.

The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had rights to use the assets transferred to them through a licence arrangement.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves

2.1 Expenditure and Funding Analysis

The purpose of the Expenditure and Funding Analysis is to demonstrate how the funding available to the Council for the year 2020/21 (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice. The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure Chargeable to General Fund & HRA	2019/20* Adjustment between Funding & Accounting Basis	Net Expenditure	Expenditure and Funding Analysis	Expenditure Chargeable to General Fund & HRA	2020/21 Adjustment between Funding & Accounting Basis	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
72,978	5,272	78,250	One Commissioning Organisation	56,234	807	57,041
34,629	22,158	56,787	Children, Young People & Culture	26,341	14,649	40,990
15,131	3,788	18,919	Corporate Core Services	19,064	1,808	20,872
(20,304)	(11,016)	(31,320)	Non Service Specific	(56,177)	51,635	(4,542)
2,289	1,867	4,156	Business, Growth & Infrastructure	1,298	1,223	2,521
15,246	5,102	20,348	Operations	20,339	4,714	25,053
598	0	598	Housing General Fund	(36)	0	(36)
(5,870)	(5,844)	(11,714)	Housing Revenue Account	(6,887)	(6,467)	(13,354)
114,697	21,327	136,024	Cost of Services	60,176	68,369	128,545
(135,482)	13,828	(121,654)	Other Income and Expenditure	(141,304)	14,666	(126,638)
(20,785)	35,155	14,370	Surplus or Deficit On Provision of Services	(81,128)	83,035	1,907

*2019/20 figures re-stated to reflect change in Council departmental structure

Movement in General Fund and HRA Balance	2019/20 £000's	2020/21 £000's
Opening General Fund and HRA Balance	(4,996)	(200)
Surplus/Deficit on General Fund & HRA Balance in Year	4,796	(58,623)
Closing General Fund and HRA Balances at 31st March	(200)	(58,823)

2.2 Note to the Expenditure and Funding Analysis

This note explains the main adjustments from Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 20-21	Adjustment for Capital Purposes £000's	Change For Pension Adjustment £000's	Other £000's	Total Adjustment £000's
One Commissioning Organisation	137	670	0	807
Children, Young People & Culture	11,678	2,269	702	14,649
Corporate Core Services	1,076	784	(52)	1,808
Non Service Specific	51,635	0	0	51,635
Business, Growth & Infrastructure	1,015	208	0	1,223
Operations	3,653	1,061	0	4,714
Housing General Fund	0	0	0	0
Housing Revenue Account	(6,467)	0	0	(6,467)
Net Cost of Services	62,727	4,992	650	68,369
Other Income & Expenditure From the Expenditure & Funding Analysis	8,976	5,690	0	14,666
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service	71,703	10,682	650	83,035

Notes:

a) Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses in the net cost of service.

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Finance and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

b) Change for Pension Adjustment – this column removes employer pension contributions and adds IAS19 Employee Benefits related expenditure and income as follows:

- **For the net cost of services** – the removal of the employer pension contributions made by the Council as allowed by statute and their replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

c) Other – this shows the differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- **For financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund of the timing differences for premiums and discounts.
- **For taxation and non-specific grant income** - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates to that which was forecast to be received at the start of the year, and the income recognised under general accepted accounting practices. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

The table below shows the comparative information for 2019/20 – re-stated to reflect change in Council departmental structure.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 19-20	Adjustment for Capital Purposes £000's	Change For Pension Adjustment £000's	Other £000's	Total Adjustment £000's
One Commissioning Organisation	70	4,060	0	4,130
Children, Young People & Culture	13,442	9,691	(975)	22,158
Corporate Core Services	498	3,736	(145)	4,090
Non Service Specific	(11,016)	0	0	(11,016)
Business, Growth & Infrastructure	967	890	0	1,857
Operations	4,368	1,585	0	5,953
Housing General Fund	0	0	0	0
Housing Revenue Account	(5,844)	0	0	(5,844)
Net Cost of Services	2,485	19,962	(1,120)	21,327
Other Income & Expenditure From the Expenditure & Funding Analysis	6,773	7,055	0	13,828
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Service	9,258	27,017	(1,120)	35,155

3 Expenditure and Funding Analysis by Nature

The Council's expenditure and income is analysed as follows:

Expenditure and Income Analysed by Nature	2019/20 £000's	2020/21 £000's
Expenditure		
Employee benefits expenses	197,621	172,831
Depreciation, amortisation and impairment	24,814	18,404
Interest Payment	7,891	7,823
Precepts and levies	40,040	24,855
Housing Capital Receipts Pool Payment	1,529	1,034
(Gain)/loss on disposal of non-current assets	14,811	14,503
Other expenditure	229,647	395,472
Total Expenditure	516,353	634,922
Income		
Government grants and contributions	(215,028)	(244,429)
Income from local taxation	(156,143)	(145,028)
Fees, charges and other service income	(72,548)	(185,961)
Interest and Investment income	(9,493)	(3,737)
Other income	(48,771)	(53,860)
Total Income	(501,983)	(633,015)
Deficit on the Provision of Services	14,370	1,907

4 Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Adjustments Between Accounting Basis & Funding Basis Under Regulations	Usable Reserves 2019-20					Movement in Unusable Reserves	Usable Reserves 2020-21					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grant Unapplied		General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grant Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Adjustment to the Revenue Reserves												
Pension Costs	(27,017)	0	0	0	0	27,017	(10,682)	0	0	0	0	10,682
Financial Instruments	2	0	0	0	0	(2)	2	0	0	0	0	(2)
Council Tax & NNDR	5,706	0	0	0	0	(5,706)	(44,323)	0	0	0	0	44,323
Holiday Pay	1,120	0	0	0	0	(1,120)	(650)	0	0	0	0	650
Equal Pay Settlements	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	(25,159)	(2,921)	0	0	(10,850)	38,930	(22,289)	1,195	0	0	(488)	21,582
Total Adjustments to Revenue Resources	(45,348)	(2,921)	0	0	(10,850)	59,119	(77,942)	1,195	0	0	(488)	77,235
Adjustments between Revenue and Capital Resources												
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,301	718	(5,019)	0	0	0	(15,269)	379	(555)	0	0	15,445
Payments to the Government Housing Receipts Pool	(1,529)	0	1,529	0	0	0	(1,034)	0	1,034	0	0	0
Posting of HRA resources to the Major Repairs reserve	0	7,182	0	(7,182)	0	0	0	7,326	0	(7,326)	0	0
Statutory provision for the repayment of debt	1,331	0	0	0	0	(1,331)	2,426	0	0	0	0	(2,426)
Capital expenditure financed from revenue balances	246	865	0	0	0	(1,111)	49	0	0	0	0	(49)
Total Adjustments between Revenue and Capital Resources	4,349	8,765	(3,490)	(7,182)	0	(2,442)	(13,828)	7,705	479	(7,326)	0	12,970
Adjustments to Capital Resources												
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,931	0	0	(1,931)	0	(165)	1,605	0	0	(1,440)
Use of the Major Repairs reserve to finance capital expenditure	0	0	0	7,136	0	(7,136)	0	0	0	7,358	0	(7,358)
Application of capital grants to finance capital expenditure	0	0	0	0	11,772	(11,772)	0	0	0	0	862	(862)
Total Adjustments to Capital Resources	0	0	1,931	7,136	11,772	(20,839)	0	(165)	1,605	7,358	862	(9,660)
Total Adjustment	(40,999)	5,844	(1,559)	(46)	922	35,838	(91,770)	8,735	2,084	32	374	80,545

5 Other Operating Expenditure

This note provides an analysis of other operating expenditure within the Comprehensive Income and Expenditure Statement.

Other Operating Expenditure	2019/20 £000's	2020/21 £000's
(Gain)/Loss on Disposal of Non Current (Fixed) Assets	14,811	14,503
Contribution of Housing Capital Receipts to Government Pool	1,529	1,034
Levies	24,872	24,855
Total	41,212	40,392

6 Financing and Investment Income and Expenditure

This note provides an analysis of financing and investment income and expenditure within the Comprehensive Income and Expenditure Statement.

Financing and Investment Income and Expenditure	2019/20 £000's	2020/21 £000's
Interest Payable and other similar charges	7,891	7,937
Interest and Investment Income	(10,771)	(4,234)
Pension Interest Cost and Expected Return on Pension Asset	7,055	5,690
Total	4,175	9,393

7 Taxation and Non-Specific Grant Income

This note provides an analysis of taxation and non-specific grant income within the Comprehensive Income and Expenditure Statement.

Taxation and Non-Specific Grant Income	2019/20 £000's	2020/21 £000's
Council Tax income	(83,130)	(89,580)
Retained Business Rates	(46,785)	(23,130)
Business Rates Top Up	(2,940)	(3,286)
Grants in lieu of Business Rates	(4,186)	(37,305)
Improved Better Care Fund		(7,404)
Housing & Council Tax Benefit Grants		(791)
New Homes Bonus	(891)	(458)
Winter Pressures Grant		
Independent Living Fund		(288)
Social Care Support Grant		(4,770)
Capital Grants and Contributions	(10,849)	(8,553)
Other Government Grants	(18,242)	(857)
Total	(167,023)	(176,423)

8 Material Items of Income and Expenditure

Individually Material Items of Income & Expenditure Item	2020/21 £000's
Derecognition of School on Academy Conversion	17,220
Total	17,220

The above note contains individual items of income or expenditure that exceed materiality and have not been individually recorded on the face of the financial statements or in one of the other notes to the accounts.

For the purposes of this note, the materiality is set at £5m.

Woodhey School was derecognised in the Authorities balance sheet during 2020/21 as it converted to an academy. It is included in the disposals (building) and Impairments (land) figures in the PPE note. This was the only academy conversion in 20/21

9 Property, Plant and Equipment

Depreciation

The Council carried out depreciation on a straight line basis of the estimated useful life of the asset which is reviewed as part of the asset revaluation process. The asset lives have been used in the calculation of depreciation. Land is not depreciated.

- Council Dwellings – Componentised*
- Other Land & Buildings – Up to 50 years as estimated by the valuer
- Vehicles, Plant, Furniture & Equipment – estimated by a suitably qualified officer
- Infrastructure – Up to 25 Years

*Council Dwellings are valued on a beacon basis, in order to ensure that the depreciation is not materially misstated the beacon lives are componentised to reflect the different rates at which the components will be consumed. For 2020/21 the estimated component lives are as follows:

- Main Structure – 50 Years
- Roof – 20 Years
- M&E – 15 Years
- Other Works – 15 Years

Revaluations

The Council has a rolling programme of revaluating assets no more than every 5 years. In 2019/20 the Council decided to undertake a full revaluation of its material asset base. This was done partly by external valuers Align (80%) with the remaining 20% carried out by our in house valuers.

For the purposes of valuation materiality is set at £50k. However, in order to ensure that any assets below the materiality level which may have moved above the materiality threshold in valuation was captured, all assets above £40k were included in the valuations.

Property, Plant and Equipment Note 2020/21	Assets Under Construction £000's	Community Assets £000's	Council Dwellings £000's	Infrastructure Assets £000's	Other Land & Buildings £000's	Surplus Assets £000's	Vehicles, Plant & Equipment £000's	TOTAL £000's
Certified Value as at 1st April 2020	6,252	5,364	256,602	70,161	247,657	19,712	17,875	623,623
Additions & Acquisitions	4,991	92	7,943	4,450	3,120	261	1,626	22,483
Revaluations Recognised in the Revaluation Reserve	-	-	1,887	-	(1,825)	(1)	-	61
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	-	-	(694)	-	(4,543)	(6)	-	(5,243)
Disposals	(1,299)	-	(1,591)	-	(12,901)	(99)	-	(15,890)
Reclassifications & Asset Transfers	(4,987)	-	1,664	1,002	1,873	87	-	(361)
Movement in Cost/Valuation	(1,295)	92	9,209	5,452	(14,276)	242	1,627	1,050
Amount as at 31st March 2021	4,957	5,456	265,811	75,613	233,381	19,954	19,501	624,673
Accumulated Depreciation & Impairments as at 1st April 2020	(270)	(2,146)	(13,818)	(34,310)	(6,581)	(775)	(12,517)	(70,417)
Depreciation charged in year	-	-	(7,373)	(10,469)	(4,596)	-	(795)	(23,233)
Depreciation written out to the Revaluation Reserve	-	-	7,081	-	334	-	-	7,415
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	1	-	5	-	-	6
Depreciation Written out on Disposal	-	-	32	-	355	-	-	387
Reclassifications & Asset Transfers	-	-	-	-	-	-	-	0
Impairments Written Out on Revaluation	-	-	6,706	-	-	-	-	6,706
Impairments Written Out on Sale of Asset	-	-	479	-	-	-	-	479
Impairments Written to Revaluation Reserve	-	-	(7,081)	-	(678)	-	-	(7,759)
Impairments Recognised in the Surplus/Deficit on the Provision of Services	-	-	(725)	-	(3,996)	-	-	(4,721)
Movement in Depreciation & Impairment	0	0	(880)	(10,469)	(8,576)	0	(795)	(20,720)
Amount as at 31st March 2021	(270)	(2,146)	(14,698)	(44,779)	(15,157)	(775)	(13,312)	(98,137)
Opening NBV	5,982	3,218	242,784	35,851	241,076	18,937	5,358	553,206
Total Movement	(1,295)	92	8,329	(5,017)	(22,852)	242	831	(19,670)
Closing NBV	4,687	3,310	251,113	30,834	218,224	19,179	6,189	533,536

The following table is provided for comparative purposes:

Property, Plant and Equipment Note 2019/20	Assets Under Construction	Community Assets	Council Dwellings	Infrastructure Assets	Other Land & Buildings	Surplus Assets	Vehicles, Plant & Equipment	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Certified Value as at 1st April 2019	6,297	5,095	253,596	61,966	257,257	30,689	14,943	629,843
Additions & Acquisitions	2,085	303	7,817	8,193	4,163	271	2,587	25,419
Revaluations Recognised in the Revaluation Reserve	-	-	(944)	-	2,501	676	(814)	1,419
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	-	(34)	(1,240)	-	(19,545)	7,142	(521)	(14,198)
Disposals	-	-	(4,039)	-	(16,952)	(476)	-	(21,467)
Reclassifications & Asset Transfers	(2,130)	-	1,412	2	20,233	(18,590)	1,680	2,607
Movement in Cost/Valuation	(45)	269	3,006	8,195	(9,600)	(10,977)	2,932	(6,220)
Amount as at 31st March 2020	6,252	5,364	256,602	70,161	247,657	19,712	17,875	623,623
Accumulated Depreciation & Impairments as at 1st April 2019	(126)	(2,112)	(17,368)	(30,493)	(13,577)	(775)	(12,402)	(76,853)
Depreciation charged in year	-	-	(7,194)	(2,199)	(4,588)	-	(426)	(14,407)
Depreciation written out to the Revaluation Reserve	-	-	4,993	-	6,815	-	-	11,808
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	2,806	-	4,299	-	311	7,416
Depreciation Written out on Disposal	-	-	67	-	562	-	-	629
Reclassifications & Asset Transfers	-	-	-	-	-	-	-	0
Impairments Written Out on Revaluation	-	-	9,585	-	-	-	-	9,585
Impairments Written Out on Sale of Asset	-	-	1,008	-	-	-	-	1,008
Impairments Written to Revaluation Reserve	-	-	(4,980)	-	-	-	-	(4,980)
Impairments Recognised in the Surplus/Deficit on the Provision of Services	(144)	(34)	(2,735)	(1,618)	(92)	-	-	(4,623)
Movement in Depreciation & Impairment	(144)	(34)	3,550	(3,817)	6,996	0	(115)	6,436
Amount as at 31st March 2020	(270)	(2,146)	(13,818)	(34,310)	(6,581)	(775)	(12,517)	(70,417)
Opening NBV	6,171	2,983	236,228	31,473	243,680	29,914	2,541	552,990
Total Movement	(189)	235	6,556	4,378	(2,604)	(10,977)	2,817	216
Closing NBV	5,982	3,218	242,784	35,851	241,076	18,937	5,358	553,206

10 Heritage Assets

Heritage Assets	Artifacts and Gifts £000's	Pictures £000's	Civic Regalia £000's	Total Assets £000's
Cost or Valuation 1 April 2019	31	23,931	629	24,591
Revaluation Gains/(Losses)	-	-	-	-
Recognised in the Revaluation Reserve	-	-	-	-
Additions	-	-	-	-
31 March 2020	31	23,931	629	24,591
Cost or Valuation 1 April 2020	31	23,931	629	24,591
Revaluation Gains/(Losses)	-	1,761	-	1,761
Recognised in the Revaluation Reserve	-	-	-	-
Additions	-	-	-	-
31 March 2021	31	25,692	629	26,352

Heritage assets are defined as assets intended to be preserved in trust for future generations because of their cultural, environmental or historical association. They are held by the councils in pursuit of our overall objectives in relation to the maintenance of our local heritage. These include Civic Regalia, Artefacts and various gifts & bequests some of which are held in the Museum and Art Gallery. These are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's accounting policies on Property Plant and Equipment.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a Heritage Asset, or doubts arise to its authenticity, the value of the asset has to be reviewed. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

Further Information On The Collections

The two principal collections of heritage assets held in Bury Art Museum & Sculpture Centre are:

Fine and Decorative Art - this collection consists of over 1,800 artworks including oil paintings, watercolours, prints, sculpture and other mixed media works. Of particular interest and value are the oil painting, 'Calais Sands: Poissards Gathering Bait' and 4 watercolours by J.M.W. Turner. The collection also has significant paintings by Clausen, Landseer, Riviere and Lady Butler. A selection of works are displayed at Bury Art Museum & Sculpture Centre and works not on display are kept in store and available to view by appointment. Images and information about paintings is available to view on the Art UK searchable website (<https://www.artuk.org/visit/venues/bury-art-museum-6547>) and also our own website (<https://www.buryartmuseum.co.uk>)

Social History – This collection consists of around 60,000 items and is of significant value as material evidence of the social history of Bury and its people. The collections relate to the area's archaeology, industrial and domestic history and include ephemera representing the everyday life of the Borough. The founding collection included natural history, geology, and ethnography. Some objects from the collections are of significant historical importance, such as a Thomas Lees long case clock, George III Spade Guineas, Sir Robert Peel's cradle, Bronze Age urns, a Roman bracelet and coins, 2 Celtic heads, Hutchinson family furniture, African ivories, Wedgwood vases and one hundred pieces of Pilkington's Royal Lancastrian pottery.

Civic Regalia - forms part of the Social History Collection and is stored in the Strong Room.

Other Heritage Assets - Additionally, the Authority has in its care three Historic Buildings that are classed as Heritage Assets these carried in the accounts at a nominal value only and are named as the Radcliffe Tower in Radcliffe, The Dungeon in Tottington and Rodger Worthington's Grave in Hawkshaw.

11 Investment Properties

The following table identifies items of income and expense that have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Items accounted for in the Financing & Investment Income & Expenditure - CIES	2019/20 £000's	2020/21 £000's
Rental income from investment property	(451)	(476)
Direct operating expenses arising from investment property	99	92
Net Gain	(352)	(384)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or to repair, maintain or enhance it. However, we are currently paying the business rates, utilities and maintenance costs on an empty investment property.

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

Investment Properties	2019/20 Investment Properties £000's	2020/21 Investment Properties £000's
Certified Valuation or Cost at 1 April	18,762	18,997
Additions in Year	-	87
Disposals in Year	-	-
Reclassifications of Assets	(19)	-
Net Gain (Loss) from fair value adjustment	254	(1,346)
At 31 March	18,997	17,739

Fair Value Hierarchy

All of the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (please refer to accounting policy – fair value measurement for more information)

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment properties has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In Council's estimates the fair value of our investment properties by taking the highest and best use value of the asset at the balance sheet date.

12 Intangible Assets

The Council regards the cost of purchased software as an intangible asset, which is carried at the historical cost of purchase and amortised over its expected useful life. Economic lives for the purposes of amortisation have been assessed at 5 and 10 years as per the Council's accounting policies.

Intangible Assets	Software Licences
	£000's
Certified Valuation or Cost at 01/04/2020	7,262
Amortisation to 1 April 2020	(5,042)
Balance at 1 April 2020	2,219
Purchase in Year	1,291
Reclassifications in Year	236
Amortisation in Year	(470)
Balance at 31 March 2021	3,276

13 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets

Financial Assets	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		31 st March 2021 £000s
	31 st March 2020 £000s	31 st March 2021 £000s	31 st March 2020 £000s	31 st March 2021 £000s	31 st March 2020 £000s	31 st March 2021 £000s	31 st March 2020 £000s	31 st March 2021 £000s	
Amortised Cost									
Principal			31,816	44,142	5,250	500	292	0	44,642
Investment Accrued Interest					19	21			21
Cash & Cash Equivalents (CCE)					21,174	11,036			11,036
CCE Accrued Interest					16	8			8
Debtors							39,793	103,313	103,313
Amortised Cost Total	0	0	31,816	44,142	26,459	11,565	40,085	103,313	159,020
Fair Value through other comprehensive income - designated equity instruments									
Fair Value through other comprehensive income - other	32,070	37,700							37,700
Total Financial Assets	32,070	37,700	31,816	44,142	26,459	11,565	40,085	103,313	196,720
Non - Financial Assets							18,264	22,421	22,421
Total	32,070	37,700	31,816	44,142	26,459	11,565	58,349	125,734	219,141

Financial Liabilities

Financial Liabilities	Non-Current		Current				Total
	Borrowings		Borrowings		Creditors		31 st March 2021 £000's
	31 st March 2020 £000's	31 st March 2021 £000's	31 st March 2020 £000's	31 st March 2021 £000's	31 st March 2020 £000's	31 st March 2021 £000's	
Amortised Cost							
Borrowings - PWLB	145,716	145,526	186	190			145,716
Borrowings - Market Debt	48,000	55,300	1,000	5,000			60,300
Borrowings - Temporary Loans			21,000	0	1	0	0
Loans Accrued Interest			1,253	1,201			1,201
Market Loans Effective Interest Rate Adjustment	271	269					269
PFI, Finance lease and transferred debt	1,915	997					997
Creditors					35,853	87,890	87,890
Total Financial Liabilities	195,902	202,092	23,439	6,391	35,854	87,890	296,373
Non - Financial Liabilities					15,543	15,036	15,036
Total	195,902	202,092	23,439	6,391	51,397	102,926	311,409

Investments in Equity Instruments Designated at Fair Value through other Comprehensive Income

With the introduction of IFRS 9 the Council has designated the following equity at 31 March 2021 as fair value through other comprehensive income:

Investments in equity instruments designated at fair value through other comprehensive income	Nominal	Fair Value	Change in fair value during 2020/21	Dividend 2020/21
	£000's	£000's	£000's	£000's
Manchester Airport	15,824	37,700	5,630	0

The Council holds 3.22% shares in Manchester Airport Holdings Ltd, the shareholding is a strategic investment and not held for trading and therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This would mean that there is no impact on the revenue budget and the decision to designate to fair value through other comprehensive income is irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

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:

Items of Income, Expense, Gains or Losses	2019/20			2020/21		
	Surplus or Deficit on the provision of services £000's	Other Comprehensive Income & Expenditure £000's	Total £000's	Surplus or Deficit on the provision of services £000's	Other Comprehensive Income & Expenditure £000's	Total £000's
Net gains / losses on: Financial Assets measured at fair value through other comprehensive income	0	(20,630)	(20,630)	0	5,630	5,630
Total net gains / (losses)	0	(20,630)	(20,630)	0	5,630	5,630
Interest income: Financial Assets measured at amortised cost	9,382	0	9,382	2,974	0	2,974
Other Financial Assets measured at fair value through other comprehensive income	0	0	0	0	0	0
Total interest income	9,382	0	9,382	2,974	0	2,974
Interest expense	(7,763)	0	(7,763)	(7,810)		(7,810)

Fair Value of Financial Instruments

Some of the Council'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.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/03/2020 Fair Value £000's	As at 31/03/2021 Fair Value £000's
Fair Value through other Comprehensive Income				
Manchester Airport	Level 2	Earnings Based	32,070	37,700
Total			32,070	37,700

The Council holds a 3.22% share in Manchester Airport Holdings Limited (MAHL). The shares in this company are not traded in an active market; however, the fair value shown above is based on a high degree of comparability to listed company data including any movement in share prices. An earnings-based method has been employed which takes as its basis for the profitability of the company, assessing its historic earnings and arriving at a view of "maintainable" or "prospective" earnings.

The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using annual audited accounts of MAHL for the annual periods between 2015 and 2018/19 along with interim 6 month reports for the period ending 30 September 2020. These shares are subject to annual valuation. In 2020/21 this has seen an increase in value of £5.630m.

Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2) using the following assumptions:

- For loans from the Public Works Loan Board (PWLb) payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be carrying amount or the billed amount.

The fair values are calculated as follows:

The Fair Values of Financial Liabilities that are not measured at Fair Value	31st March 2020		31st March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000's	£000's	£000's	£000's
PWLB Loans	146,684	182,560	146,447	180,481
LOBO/Market Loans	49,708	71,758	61,037	84,254
Temporary Loans	21,031	21,026	0	0
Local Bonds	3	3	3	3
Short-term Creditors	35,853	35,853	87,890	87,890
Financial liabilities	253,279	311,200	295,377	352,628

The fair value of the liabilities 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 at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

The Fair Values of Financial Assets that are not measured at Fair Value	31st March 2020		31st March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000's	£000's	£000's	£000's
Cash & Cash Equivalents	21,190	21,211	11,044	11,044
Short-term Investments	5,269	5,269	521	521
Short-term Debtors	40,085	40,085	0	0
Long-term Debtors	31,816	71,235	44,142	110,046
Financial Assets	98,360	137,800	55,707	121,611

The fair value of the assets is greater than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans in the market at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of loans.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair Value hierarchy for Financial Assets and Financial Liabilities that are not measured at Fair Value

31st March 2021	Other significant observable inputs (Level 2)
Recurring fair value measurements using:	£000
Financial liabilities	
Financial liabilities held at amortised cost:	
PWLB	145,522
Non- PWLB	55,572
Short term debt	6,392
PFI and finance lease liability	997
Total	208,483
Financial assets	
Financial assets held at amortised cost	11,565
Total	11,565

31st March 2020	Other significant observable inputs (Level 2)
Recurring fair value measurements using:	£000
Financial liabilities	
Financial liabilities held at amortised cost:	
PWLB	145,713
Non- PWLB	48,274
Short term debt	23,439
PFI and finance lease liability	1,915
Total	219,341
Financial assets	
Financial assets held at amortised cost	26,459
Total	26,459

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed.

Nature and Extent of Risks Arising from Financial Instruments

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 to the Council;
- 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 requiring 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 rates or stock market movements.

Overall Procedures for Managing Risk

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

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 Treasury Management 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 & Poor's Credit ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution.

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, forming the core element. However it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The full Investment Strategy for 2020/21 was approved by Council on 26/2/20 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with individual credit limits being set in accordance with parameters set by the Council.

The council has a total of £11.565m deposited with a number of financial institutions as 31 March 2021. The Council's maximum exposure to credit risk in relation to this amount 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 31 March 2021 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

We have assessed the Council's investments (all short-term) and concluded that the expected credit loss is not material therefore no allowances have been made.

Amounts Arising from Expected Credit Losses	Amounts at 31 March 2021	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2021	Estimated maximum exposure to default and uncollectability
	£000's	%	%	£000s
Deposits with banks and other financial institutions	11,565	0.00%	0.00%	0
Bonds and other securities	0	0.00%	0.00%	0
Sundry Debtors	125,734	0.24%	0.24%	297
Total	137,299			297

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow extended credit for customers, but some of the current balances is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

Aged Debt Analysis	31 March 2021
	£000's
Less than three months	12,653
Three to four months	601
Four months to one year	3,455
More than one year	4,897
Total	21,606

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when 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 is as follows:

Maturity Analysis of Financial Assets	31 March 2020 £000's	31 March 2021 £000's
Less than 1 year	84,808	136,824
Between 2 and 3 years	0	0
Between 1 and 2 years	0	0
More than 3 years	63,886	81,842
Total	148,694	218,666

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 treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- 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 is as follows:

Maturity Analysis of Financial Liabilities	31 March 2020 £000's	31 March 2021 £000's
Less than 1 year	23,438	6,391
1 - 2 years	5,000	13,000
2 - 5 years	8,000	7,300
5 - 10 years	5,550	31,550
More than 10 years	175,437	149,245
Total	217,425	207,486

Of the £39m of Lender Option Borrower Option (LOBO) loans, £1m matures in less than 5 years' time, whilst the remaining loans mature in more than 10 years (the average maturity time being 46 years).

The LOBO loans could potentially be called by the lender in the next financial year, however it is not anticipated that any of these will be called and require payment.

Market Risk

The Council is exposed to market risk in terms of its exposure that the value of an instrument will fluctuate because of changes in:

- Interest rate risk;
- Price risk; and
- Foreign Exchange rate 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 Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- 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 Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor 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 rates borrowing would be postponed.

According to this investment strategy, at 31 March 2021, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Interest Rate Risk 2020/21	£000's
Increase in interest payable on variable rate borrowings	330
Increase in interest receivable on variable rate investments	(227)
Impact on Surplus or Deficit on the Provision of Services	103
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	39,730

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 the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £32.070m in local industry. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for “open book” arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Of the shares mentioned above, £32.070m has been elected as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £1.604m gain or loss being recognised in the Financial Instruments Revaluation Reserve.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

14 Analysis of Short and Long Term Debtors

The Council's short-term debtors (net of the provision for bad and doubtful debts) are as follows:

Analysis of Short Term Debtors	2019/20 £000's	2020/21 £000's
Central Government Bodies	8,706	63,441
Other Local Authorities	5,218	1,723
Payments in Advance	4,112	2,779
Capital Debtors	2,347	695
Collection Fund	13,159	17,152
Bodies External to General Government	24,807	39,945
Total	58,349	125,735

The Council's long-term debtors (net of the provisions for bad and doubtful debts) are as follows:

Analysis of Long Term Debtors	2019/20 £000's	2020/21 £000's
Loan Accounts	23,478	32,889
Bury MBC Townside Fields	7,257	7,257
Airport Loan Interest	1,069	3,985
Debt Managed for Probation Services	12	12
Total	31,816	44,143

15 Cash and Cash Equivalents

Cash and Cash Equivalents	2019/20 £000's	2020/21 £000's
Cash held by the Authority	121	867
Bank Call Accounts	24,176	15,428
Bank Overdraft	(3,107)	(5,251)
Total	21,190	11,044

16 Assets Held for Sale

This note contains assets that are held for sale and are shown as non-current assets on the balance sheet as they are expected to be sold within 1 year. In accordance with the CIPFA Code of Practice, these assets are available for immediate sale in their present condition and are being actively marketed for sale.

There are currently 3 assets held on our balance sheet which are held for sale making up a value of £621k, this is the same number of assets as in 2019/20, although they are not the same assets. 2 Assets held as separate land and building elements were consolidated upon review. 1 Asset was removed from the Assets Held for Sale Classification as it is no longer expected to sell. 2 Assets have been reclassified as held for sale upon being put onto the market with the expectation to sell within the next 12 months.

Assets Held for Sale	2019/20 £000's	2020/21 £000's
Balance at 1st April	3,010	511
Additions	80	0
Disposals	0	0
Revaluations Recognised in the Revaluation Reserve	(48)	(3)
Revaluations Recognised in CIES	177	(12)
Reclassifications & Asset Transfers	(2,708)	125
Movements in Year	(2,499)	110
Balance as 31st March	511	621

17 Analysis of Creditors

The Council's creditors are as follows:

Analysis of Creditors	2019/20 £000's	2020/21 £000's
Central Government Bodies	(1,615)	(67,085)
Other Local Authorities	(6,068)	(3,945)
Income in Advance	(5,530)	(5,435)
Capital Creditors	(3,014)	(5,995)
Collection Fund	(8,742)	(7,003)
Bodies External to General Government	(26,428)	(13,463)
Total	(51,397)	(102,926)

18 Pension Liability

Defined Contribution Scheme

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pension on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries.

The Scheme is technically a defined benefit scheme; however, the scheme is unfunded. The Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21, the Council paid £10.281m (£10.071m in 2019/20) to Capita Teachers Pensions in respect of teachers' retirement benefits, representing 23.68% (20.68% in 2019/20) of pensionable pay.

The Authority is responsible for the costs of 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 as detailed below.

NHS Pension Scheme

Public Health employees are members of the NHS Pension Scheme, administered by the EA Finance NHS Pensions. This scheme provides its members with specified benefits on their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The NHS Pension Scheme is operated in a similar way to the Teachers' Pension Scheme, in that Employer Contributions are set nationally and all contributions from employers and employees are paid into one pot.

In 2020/21, the Council paid £0.09m (£0.08m in 2019/20) to the EA Finance NHS Pensions for members of the NHS pension scheme's retirement benefits, representing 14.4% (14.4% in 2019/20) of pensionable pay.

The Council is responsible for any additional benefits awarded upon early retirement outside of the terms of the NHS pension scheme. These costs are accounted for on a defined benefit basis as detailed below.

Defined Benefit Scheme

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 teachers and members of the NHS pension scheme) are, unless they have opted out, members of the Greater Manchester Pension Fund which is administered by

Tameside MBC and operates in accordance with the rules of the Local Government Pension Scheme (LGPS). This is a funded defined benefit career average (previously final salary 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.

The Greater Manchester Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pension committee of Tameside Council. Policy is determined in accordance with the Pension fund Regulations. The investment managers of the fund are appointed by the committee and consist of the Director of Finance and Resources of Tameside Council.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they may eventually fall due.

Transactions Relating to Retirement 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 the General Fund through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:

Employers Contributions Payable to the Scheme	2019/20 £000	2020/21 £000
Service Cost		
Current service cost	(33,136)	(25,086)
Past service cost (including curtailments)	(4,661)	2,635
Total service cost	(37,797)	(22,451)
Financing and Investment Income and Expenditure		
Interest income on scheme assets	18,544	15,899
Interest cost on defined benefit obligation	(25,599)	(21,589)
Total net interest	(7,055)	(5,690)
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	(44,852)	(28,141)
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	(94,021)	141,684
Actuarial (losses)/gains arising from changes in financial assumptions	73,316	(239,290)
Actuarial (losses)/gains arising from changes in demographic assumptions	31,296	(6,417)
Other experience and actuarial adjustments	51,459	8,577
Total remeasurements recognised in other comprehensive income	62,050	(95,446)
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	17,198	(123,587)
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	(35,033)	106,128
Employers' Contributions Payable to the Scheme	(17,835)	(17,459)

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amounts included in the Balance Sheet arising from the council's obligation in respect of its defined benefit scheme is as follows:

Pensions Assets and Liabilities Recognised in the Balance Sheet	2019/20 £000's	2020/21 £000's
Fair value of plan assets	691,732	841,328
Present value of funded liabilities	(912,808)	(1,167,829)
Present value of unfunded liabilities	(29,388)	(30,091)
Net Liability Arising From Defined Benefit Obligation	(250,464)	(356,592)

Reconciliation of the Movements in Fair Value of Scheme Assets

Reconciliation of the Movements in Fair Value of Scheme Assets	2019/20	2020/21
	£000	£000
Opening fair value of scheme assets	774,902	691,732
Interest income	18,544	15,899
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	(94,021)	141,684
Contributions from the employer into the scheme	15,238	14,950
Contributions from employees into the scheme	4,666	4,601
Benefits paid	(27,597)	(27,538)
Closing Fair Value of Scheme Assets	691,732	841,328

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

Reconciliation of the Movements in Fair Value of Scheme Assets	2019/20	2020/21
	£000	£000
Opening fair value of scheme liabilities	1,060,399	942,196
Current service cost	33,136	25,086
Interest cost	25,599	21,589
Contributions from scheme participants	4,666	4,601
Remeasurement gain		
Actuarial (gains)/losses arising from changes in financial assumptions	(73,316)	239,290
Actuarial (gains)/losses arising from changes in demographic assumptions	(31,296)	6,417
Other experience and actuarial adjustments	(51,459)	(8,577)
Past service cost	4,661	(2,635)
Benefits paid	(30,194)	(30,047)
Closing Fair Value of Scheme Liabilities	942,196	1,197,920

Pension Scheme Assets

Asset Category	Period Ended 31 March 2020				Period Ended 31 March 2021			
	Quoted Prices in active markets £000	Quoted Prices not in active markets £000	TOTAL £000	Percentage of Total Assets	Quoted Prices in active markets £000	Quoted Prices not in active markets £000	TOTAL £000	Percentage of Total Assets
Equity Securities:								
Consumer	62,800	-	62,800	9%	73,826	-	73,826	9%
Manufacturing	53,131	-	53,131	8%	65,750	-	65,750	8%
Energy and Utilities	39,775	-	39,775	6%	40,799	-	40,799	5%
Financial Institutions	76,880	-	76,880	11%	88,378	-	88,378	11%
Health and Care	31,191	-	31,191	5%	42,050	-	42,050	5%
Information Technology	27,746	-	27,746	4%	44,439	-	44,439	5%
Other	14,431	-	14,431	2%	13,593	-	13,593	2%
Debt Securities				0%				0%
Corporate Bonds (investment grade)	26,158	-	26,158	4%	40,666	-	40,666	5%
Corporate Bonds (non-investment grade)	0	-	0	0%	0	-	0	0%
UK Government	0	-	0	0%	0	-	0	0%
Other	22,310	-	22,310	3%	10,929	-	10,929	1%
Private Equity				0%				0%
All	0	35,713	35,713	5%	0	50,075	50,075	6%
Real Estate				0%				0%
UK Property	0	29,147	29,147	4%	0	31,436	31,436	4%
Overseas Property	0	-	0	0%	0	-	0	0%
Investment Funds and Unit Trusts				0%				0%
Equities	69,409	-	69,409	10%	75,594	-	75,594	9%
Bonds	79,870	-	79,870	12%	106,621	-	106,621	13%
Infrastructure	0	33,559	33,559	5%	0	42,889	42,889	5%
Other	17,347	61,295	78,642	11%	18,236	80,002	98,238	12%
Derivatives				0%				0%
Other	0	-	0	0%	(676)	-	(676)	0%
Cash and Cash Equivalents				0%				0%
All	10,972	-	10,972	2%	16,721	-	16,721	2%
Totals	532,018	159,714	691,732	100%	636,926	204,402	841,328	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2021.

The significant assumptions used by the actuary have been:

Mortality assumptions	2019/20	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- men	20.5	20.5
- women	23.1	23.3
Longevity at 65 for future pensioners:		
- men	22	21.9
- women	25	25.3
Rate of inflation	1.90%	2.85%
Rate of increase in salaries	2.70%	3.60%
Rate of increase in pensions	1.90%	2.85%
Rate for discounting scheme liabilities	2.30%	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table 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 did not change from those used in the previous period.

Change in Assumptions at 31 March 2021	Approximate % Increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in real discount rate	10%	115,922
0.5% increase in the salary increase rate	1%	10,625
0.5% increase in the pension increase rate	9%	102,885

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The current triennial valuation took effect from this financial year starting 1 April 2020.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England

and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides regulations for the scheme to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council is anticipated to pay £14.949m in contributions to the scheme in 2021/22.

Bury Pension Guarantees

The Council has pension guarantees in place for two organisations Addiction Dependency Solutions and Persona Care and Support Ltd. The guarantees identified are those which the Council has an agreement in place with GMPF. Valuations have been obtained on both an on-going and cessation basis.

We have determined that these pension guarantees meet the definition of an insurance contract in accordance with IFRS4. IFRS4 defines an insurance contract as:

A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Council is the insurer and through the provision of the pension guarantee is accepting the risk of the admission body being unable to fund the benefits earned by its employees.

We have assessed the nature and extent of potential liabilities in respect of these guarantees and the likelihood of cash outflow is low. If any guarantee was invoked, this would be valued on an ongoing basis as the net surplus/liability would be added to the BMBC sub fund as we are a continuing employer. The overall net surplus/deficit position for guarantees valued on an ongoing basis is a net surplus position – because there is a net surplus and because the likelihood of cash outflow is considered to be remote, no liabilities have been included in the Council's financial statements at 31 March 2021.

Disclosure of Material Valuation Uncertainty

Bury Council's Net Pension Liability of £356.592m includes a share of the overall Greater Manchester Pension Fund investment assets. The Pension Fund in their financial statements for 2020/21 have disclosed a material uncertainty in accordance with VPS 3 and VPGA 10 of the RICS Red Book Global due to the impact of COVID-19, in respect of the valuation of their property investments. Consequently, less certainty and a higher degree of caution should be attached to the valuation of those assets than would normally be the case. The Council disclose that their share of the total UK property assets held by the Pension Fund is valued at £31.436m. The valuation of the Council's share of the property assets is subject to the same material valuation uncertainty as applies to the Pension Fund financial statements and as such less certainty can be applied to the valuations than would typically be the case.

19 Short and Long Term Provisions

Provisions are amounts set aside by the Council to meet the cost of a future liability, for which the timing of the payment is uncertain. The amounts represent the best estimate of that liability where an exact cost is not able to be determined. In line with the Code of Practice, the provision is charged to service revenue accounts in the year it is established. When the liability falls due, the costs are charged directly to the provision.

Short Term Provisions	Business Rates Provision £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2020	(5,533)	(93)	(5,626)
Additional provisions made in 2020/21	0	(91)	(91)
Amounts used in 2020/21	0	0	0
Amounts transferred to/from short term provisions	2,392	(623)	1,769
Balance at 31 March 2021	(3,141)	(807)	(3,948)

Long term Provisions	Insurance Provision £000's	Business Rates Provision £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2020	(4,500)	(1,384)	(2,486)	(8,370)
Additional provisions made in 2020/21	(1,697)	(716)	(203)	(2,616)
Amounts used in 2020/21	1,037	3,707	124	4,868
Amounts transferred to/from short term provisions	0	(2,392)	623	(1,769)
Balance at 31 March 2021	(5,160)	(785)	(1,942)	(7,887)

Business Rates Provision – Provision for potential backdated liability of refunding Business Rates payers as a result of reductions in Rateable Values, following successful appeals or alterations to Valuation lists. This may include the impact on Business Rates income previously paid into the National Non Domestic Rates pool prior to the introduction of the Business Rates Retention Scheme which was implemented on 1st April 2013

Other Provisions - This is the total of all other amounts set aside as provisions.

20 Usable Reserves

20.1 General Fund Balance

General Fund Balance	General Fund £000's
Balance at 31st March 2020	(6,990)
(Surplus)/Deficit for the Year	(26,684)
Planned Contribution to General Fund	(567)
Balance at 31st March 2021	(34,241)

To ensure that the Council can manage financial risks whilst being able to maintain services, the Council is required to hold funds to meet these costs as and when they arrive. The level of this reserve is set by the Section 151 Officer as the minimum amount required, based on their assessment of the financial risks facing the organisation and the extent to which these are covered elsewhere. In-year contributions have been made to the reserve.

20.2 Dedicated Schools Grant (DSG) Balances

Dedicated Schools Grant Balances (Schools and Central Spend)	DSG Schools Budget £000's
Balance at 31st March 2020	15,182
(Surplus)/Deficit for the Year	(2,621)
Balance at 31st March 2021	12,561

In order to comply with the DfE guidance and the accounting code, the DSG deficit reserve is offset by the Council's earmarked reserve and will continue to do so until further guidance is received.

20.3 Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21. The following table and note explains the amount and purpose of the earmarked reserves held by the Council

Earmarked Reserves	Balance at 31st March 2019 £000's	Transfers in 2019/20 £000's	Transfers out 2019/20 £000's	Balance at 31st March 2020 £000's	Transfers in 2020/21 £000's	Transfers out 2020/21 £000's	Balance at 31st March 2021 £000's
Management of Financial Risk - Corporate							
- Community Safety	49	0	0	49	0	0	49
- Climate Change	150	0	0	150	0	0	150
- Culture	43	37	(40)	40	44	0	84
- Corporate	2,004	0	(83)	1,921	103	0	2,024
- Adults Social Care Transformation	1,947	0	(700)	1,247	0	0	1,247
- Childrens Social Care Transformation	0	120	(26)	94	245	0	339
- Homelessness	23	964	0	987	50	0	1,037
- Housing	117	6	0	123	0	0	123
- Skills	2,086	0	0	2,086	618	0	2,704
- ICT	931	210	(248)	893	108	(51)	950
- Council Transformation	879	220	(893)	206	5,800	(700)	5,306
COVID-19 Related Grants	0	0	0	0	10,523	0	10,523
Management of Financial Risk - Directorate	703	364	(74)	993	2,720	(201)	3,512
Volatility and Fiscal Mitigation	12,007	23,200	(5,533)	29,674	7,422	0	37,096
Earmarked External Funding	4,030	14,590	(1,098)	17,522	36,305	(14,040)	39,787
Investment Funds	3,092	178	0	3,270	36	0	3,306
Sub-Total	28,061	39,889	(8,695)	59,255	63,974	(14,992)	108,237
Section 106 Commuted Sums	3,953	329	(242)	4,040	425	(179)	4,286
Manchester Airport Share Reserve	10,214	0	(5,701)	4,513	0	0	4,513
Schools Reserve	(9,677)	0	(5,505)	(15,182)	2,621	0	(12,561)
Total Earmarked Reserves	32,551	40,218	(20,143)	52,626	67,020	(15,171)	104,475

Management of Financial Risk: Corporate - These are reserves held to support specific outcomes across the council and are presented on a thematic basis relating to current priorities. Chief Executive approval is required for use of the reserve unless otherwise agreed.

Management of Financial Risk: Directorate - This reserve is utilised to manage in-year financial variations such as fluctuations in demand or any other financial risk.

Volatility and Fiscal Mitigation - This reserve is utilised to manage areas of spending where costs in any one year are variable and unpredictable but where annual fluctuations are averaged over the medium term.

Earmarked External Funding - This reserve is utilised to manage external funding received for specific purposes where the decisions on how the funding is used is not wholly within the control of the council.

Investment Funds - This reserve is utilised to provide pump-priming investment to deliver the Council's key objectives.

Section 106 Commuted Sums - This reserve represents money received as part of Section 106 agreements from Housing and other developers. The reserve is earmarked and is not available for general use.

Manchester Airport Share Reserve – part of this usable reserve has been re-allocated to an unusable reserve - see note 21.2

20.4 Summary of Usable Reserves

Reserve	2019/20 £000's	2020/21 £000's
Earmarked & Schools Balances	(59,255)	(108,237)
Capital Receipts Unapplied	(6,974)	(6,495)
Capital Grants Unapplied	(9,982)	(9,608)
General Fund	(6,990)	(34,241)
Housing Revenue Account	(8,393)	(10,422)
Dedicated Schools Grant	15,182	12,561
Section 106 Commuted Sums	(4,040)	(4,286)
Manchester Airport Share Reserve	(4,513)	(4,513)
Other Minor Reserves	(46)	(14)
Balance at 31st March	(85,011)	(163,255)

21 Unusable Reserve

All unusable reserves are described below, the movements in year for all reserves with a material balance are also disclosed.

21.1 Revaluation Reserve

The Revaluation Reserve includes 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; and
- disposed of and gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2019/20 £000's	2020/21 £000's
Balance at 1 April	(114,731)	(124,128)
Upward revaluation of assets	(27,601)	(5,364)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	15,807	4,177
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	(11,794)	(1,187)
Difference between fair value depreciation and historical cost depreciation	916	1,282
Accumulated gains on assets sold or scrapped	1,481	1,880
Amount written off to the capital adjustment account	2,397	3,162
Balance at 31 March	(124,128)	(122,153)

21.2 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 Comprehensive Income and Expenditure Statement (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 as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets 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. Note 4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2019/20 £000's	2020/21 £000's
Balance at 1 April	(234,711)	(221,462)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	18,438	21,566
Revaluation losses on Property, Plant and Equipment	(594)	4,320
Amortisation of intangible assets	428	470
Revenue expenditure funded from capital under statute	4,981	3,369
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	20,459	15,444
Adjusting amounts written out of the Revaluation Reserve	(1,481)	(1,880)
Repayment of Long Term Debtors	1	1
Net written out amount of the cost of non-current assets consumed in the year	42,232	43,290
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	(1,931)	
Use of the Major Repairs Reserve to finance new capital expenditure	(7,136)	(7,358)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		(8,064)
Application of grants to capital financing from the Capital Grants Unapplied Account	(11,772)	(862)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,331)	(2,426)
Capital expenditure charged against the General Fund and HRA balances	(1,111)	(1,243)
Reclassification of Manchester Airport Reserve item to Unusable Reserve	(5,702)	0
Balance at 31 March	(221,462)	(198,125)

21.3 Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets 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.

21.4 Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax payers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

Financial Instrument Adjustment Account	2019/20 £000's	2020/21 £000's
Balance at 1 April	274	272
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2)	(2)
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	0	0
Balance at 31 March	272	270

21.5 Financial Instrument Revaluation Account

The Financial Instruments Revaluation Reserve contains the gains made by the Council 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; and
- disposed of and the gains are realised

Financial Instruments Revaluation Reserve	2019/20 £000's	2020/21 £000's
Balance at 1st April	(42,486)	(19,986)
Transfer from Available for Sale Financial Investment Account	-	-
Revaluation of Shareholding in Manchester Airport	22,500	(1,890)
Surplus on Revaluation of Financial Instrument	-	-
Revaluation Reserve	-	-
Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory Over-Ride	-	-
Balance at 31st March	(19,986)	(21,876)

21.6 Accumulated Absences

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance 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 the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences	2019/20 £000's	2020-21 £000's
Balance at 1 April	5,251	4,131
Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,120)	650
Balance at 31 March	4,131	4,781

21.7 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

The regulations require this technical adjustment in order to smooth any potential volatility in the local taxation system which would otherwise impact on the Councils general fund. Due to the impact of COVID, the exceptional difference which has occurred in 2020/21 has been offset by compensatory grants of £24.899m and a Taxation Income Guarantee scheme of £2.474m. These amounts are held within reserves to be utilised in 2021/22 when the deficit amount is required in statute to be repaid into the Collection Fund.

Collection Fund Adjustment Account	2019/20 £000's	2020/21 £000's
Opening Balance	(10,254)	(15,960)
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory regulations	(5,706)	44,323
Total	(15,960)	28,363

21.8 Pension 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 Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial 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 are due for payment.

Pension Reserve	2019/20 £000's	2020/21 £000's
Balance at 1 April	285,497	250,464
Remeasurement of net defined liability	(62,050)	101,172
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	44,852	28,141
Employer's Pension Contributions and direct payments to pensioners payable in the year	(17,835)	(17,459)
Balance at 31 March	250,464	362,318

22 Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

Operating Activities	31/03/2020 £000's	31/03/2021 £000's
Interest received	2,970	4,256
Interest paid	(7,764)	(7,990)
Dividends received	6,429	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Non-Cash Movements	31/03/2020 £000's	31/03/2021 £000's
Depreciation	18,439	21,566
Impairment and downward valuations	(822)	6,464
Amortisation	428	470
Movement in contract assets, liabilities and costs (IFRS 15)	0	0
Deferred revenue/ deferred payment agreements (IFRS 15)	0	0
Increase/(decrease) in impairment for bad debts	0	0
Increase/(decrease) in creditors	13,262	50,038
(Increase)/decrease in debtors	(13,314)	(81,335)
(Increase)/decrease in inventories	132	200
Movement in pension liability	19,962	5,690
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	20,459	15,444
Other non-cash items charged to the net surplus or deficit on the provision of services	(11,170)	(2,163)
	47,376	16,374

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Investing and Financing Activities	31/03/2020 £000's	31/03/2021 £000's
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(311)	4,750
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,019)	(555)
Any other items for which the cash effects are investing or financing cash flows	(10,849)	(8,553)
	(16,179)	(4,358)

23 Cash Flow Statement – Investing Activities

Cash Flow Statement - Investing Activities	31/03/2020 £000's	31/03/2021 £000's
Purchase of property, plant and equipment, investment property and intangible assets	(31,602)	(20,627)
Purchase of short-term and long-term investments	0	(3,740)
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,976	2,200
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities	11,862	10,641
Net cash flows from investing activities	(14,764)	(11,526)

24 Cash Flow Statement – Financing Activities

Cash Flow Statement - Financing Activities	31/03/2020 £000's	31/03/2021 £000's
Cash receipts of short- and long-term borrowing	31,000	12,300
Other receipts from financing activities	0	0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(22)	(22)
Repayments of short- and long-term borrowing	(18,636)	(23,133)
Other payments for financing activities	(353)	(1,739)
Net cash flows from financing activities	11,989	(12,594)

Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April 2020 £000's	Financing cash flows £000's	Non cash changes £000's	Balance at 31 March 2021 £000's
Long Term borrowings	193,987	12,300	(5,192)	201,095
Short Term borrowings	23,439	(22,237)	5,190	6,392
Lease liabilities	49	(22)	0	27
Transferred debt	1,866	(896)		970
Amounts included as part of (debtor)/creditor balances:				
Amounts owed to/from Collection Fund preceptors	8,742	(1,739)		7,003
Total Liabilities from financing activities	228,083	(12,594)	(2)	215,487

	Balance at 1 April 2019 £000's	Financing cash flows £000's	Non cash changes £000's	Balance at 31 March 2020 £000's
Long Term borrowings	185,176	10,000	(1,189)	193,987
Short Term borrowings	19,034	3,217	1,188	23,439
Lease liabilities	71	(22)		49
Transferred debt	2,719	(853)		1,866
Amounts included as part of (debtor)/creditor balances:				
Amounts owed to/from Collection Fund preceptors	9,095	(353)		8,742
Total Liabilities from financing activities	216,095	11,989	(1)	228,083

25 Capital Expenditure and Financing Requirement

The total value of capital expenditure incurred during the year is disclosed in the table below (including the value of assets acquired under finance leases), 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.

Capital Expenditure and Financing Requirement	2019/20 £000's	2020/21 £000's
Opening Capital Financing Requirement	250,028	259,305
Capital Investment		
Property Plant and Equipment	25,420	22,482
Investment Assets		87
Heritage Assets		-
Revenue Expenditure Funded from Capital Under Statute	5,106	3,369
Long Term Investment	1,870	-
Intangible Assets	208	1,291
Long Term Debtors		3,985
Assets Held for Sale	80	-
Source of Finance		
Capital Receipts	(1,931)	(1,605)
Government Grants And Other Contributions	(20,145)	(8,926)
Sums Set aside from Revenue	(1,331)	(1,243)
Closing Capital Financing Requirement	259,305	278,745
Explanation of movement in year		
Increase in Need to Borrow Supported by Government Financial Assistance		
Increase in Need to Borrow Unsupported by Government Financial Assistance	8,737	0
Assets Acquired Under Finance Leases		
Minimum Revenue Provision and other repayments in the year	(1,331)	(1,243)
Increase in Capital Financing Requirement	7,406	(1,243)

Major capital commitments as at 31st March 2021 total £12.721m and include:

- Radcliffe Regeneration - £0.138m
- Prestwich Regeneration - £0.339m
- Ramsbottom Regeneration - £0.043m
- Bury Regeneration - £0.846m
- Commercial sites Regeneration - £0.664m
- Refurbishment of Bury Market - £0.646m
- Place shaping / Growth - £0.208m
- Housing Development - £1.001m
- Housing Public Sector - £2.471m
- DFG – Disabled Facilities Grant - £0.754m
- Empty Properties – Purchases - £0.205m
- Sport and Leisure - £1.611m
- Vehicle Replacement Strategy - £2.387m
- Highways - £0.672m
- Estate Management – Corporate Landlord - £0.396m
- Climate Change schemes - £0.351m

The actual level of expenditure on any of the uncommitted schemes for future years will depend upon the availability of capital financing resources.

26 Contingent Assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified no contingent assets as at 31 March 2021.

27 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2021.

Municipal Mutual Insurance Ltd

On 30 September 1992 the Council's then insurers, MMI Ltd, announced that they were no longer accepting new business. On the 13 November 2012 the directors of MMI triggered a Scheme of Arrangement which now means that the Council may be required to repay amounts for claims previously settled. The scheme provides that following a Trigger Event a levy may be imposed on all those creditors that have been paid in respect of established scheme liabilities, this rate is currently 25%.

The established scheme liabilities of gross claim payments at 31 March 2021 is £2.174m which would attract a levy of £0.531m should a Trigger Event arise. The amended liability that the Council may be required to repay is £1.643m (£2.174m less £0.531m levy) in respect of claims previously settled. There are 2 outstanding claims with MMI totalling £0.051m.

28 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFE), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be used to finance expenditure that is included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2019. The Schools Budget includes elements for a range of educational services provided on a Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each Council maintained school.

Details of the deployment of the DSG receivable for 2020/21 is as follows:

Disclosure of Deployment of Dedicated Schools Grant		2020-21		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG before academy recoupment			(174,001)
B	Academy Recoupment			45,958
C	Total DSG after academy recoupment			(128,042)
D	Balance Brought Forward			(20,067)
E	Carry forward to 2020/21 agreed in advance			20,067
				(128,042)
	Agreed initial budget distribution	(28,375)	(99,667)	(128,042)
G	In year adjustments	(6,050)		(6,050)
H	Final budget distribution	(34,425)	(99,667)	(134,092)
I	Less: Central expenditure	35,765	0	35,765
J	Less: ISB deployed to schools	0	99,667	99,667
K	Carried forward	1,340	0	21,407

- A: Final DSG figure before any amount has been recouped from the Council.
- B: Figure recouped from the Council in 2020/21 by the Department for Education (DfE) for conversion of maintained schools into Academies and for high needs payments made by the ESFA.
- C: Total DSG figure after Academy and high needs recoupment for 2020/21.
- D: Figure brought forward from 2019/20 agreed with the DfE
- E: Any amount which the Council decided after consultation with the Schools Forum to carry forward to 2020/21.
- F: Budgeted distribution of DSG as agreed with the Schools Forum.
- G: Changes to the initial distribution.
- H: Budgeted distribution of DSG as the end of the financial year.
- I: Actual amount of central expenditure items in 2020/21.
- J: Amount of ISB actually distributed to schools.
- K: Carry forward to 2021/22.

The deficit of £21.407m is netted off against the cumulative level of School's balances of £8.845m and hence reduces the Schools Reserve to £12.561m as shown at Note 20.3 (Earmarked Reserves).

29 External Audit Costs

In 2020/21 the Council incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's External Auditors:

External Audit Costs	2019/20 £000's	2020/21 £000's
Fees payable with regard to external audit services carried out by the appointed auditor for the year	115*	90
Fees payable to KPMG relating to 2018/19 other services and grants	21	0
Total	136	90

* Includes a fee of £25,430 relating to additional 2018/19 audit work. Due to the timing of the notification of this fee, and the fact that the value was not material, it was not reflected in the 2018/19 accounts.

30 Grant Income Credited to Services

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

Grant Income Credited to Services	2019/20 £000's	2020/21 £000's
Dedicated Schools Grant (DSG)	(134,838)	(133,934)
Pupil Premium Grant	(6,527)	(4,470)
Housing Benefit Subsidy - Rent Allowances	(22,937)	(22,907)
Housing Benefit Subsidy - Rent Rebates	(14,552)	(12,800)
Discretionary Housing payments	(314)	(209)
COVID-19 grants		(36,446)
Asylum Seekers (UASC)	(348)	(825)
Other Government Grants		(11,386)
Total	(179,516)	(222,975)

31 Leases

31.1 Operating Leases

The Council has numerous operating leasing agreements with private individuals and entities regarding shops, other premises and land where the Council acts as the lessor. The most significant of these is for land leased to Manchester Airport until 31.03.2085 for an annual rental of £473,710.68. The future minimum lease payments receivable are shown in the table below:

	2019/20 £000	2020/21 £000
Not later than one year	474	474
Later than one year and not later than five years	1,895	1,895
Later than five years	28,423	27,949
Total	30,792	30,318

The Council also leases land and buildings, vehicles, plant and other equipment under the terms of operating leases. The table below shows the future minimum lease payments due under non-cancellable leases in future years:

Operating Leases	Land and Buildings £000's	Vehicles, Plant and Equipment £000's
Leases expire in less than one year	5	75
Leases expire in between one and five years	200	0
Leases expire after more than five years	1,138	0
Total	1,342	75

31.2 Finance Leases

Authority as Lessee:

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Finance Leases	31st March 2020 £000's	31st March 2021 £000's
Vehicles, Plant, Furniture and Equipment	67	44
Total	67	44

The Authority 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 Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Liability	31st March 2020 £000's	31st March 2021 £000's
Finance Lease Liabilities (net present value of minimum lease payments)	49	27
Minimum Lease Payments	49	27

Finance Lease Liability	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2020 £000's	31st March 2021 £000's	31st March 2020 £000's	31st March 2021 £000's
Not later than 1 year	23	23	22	23
Later than 1 year not later than 5 years	24	4	27	4
Later than 5 years	0	0	0	0
Total	47	27	49	27

32 Members' Allowances

The council paid the following amounts to Members during the year:

Members' Allowances & Expenses	2019/20 £000's	2020/21 £000's
Allowances & Expenses	611	652
TOTAL	611	652

33 Officers' Remuneration and Termination Benefits

33.1 Employees in Higher Earning Bands

The remuneration of senior employees is detailed below. Disclosure of Senior Officers whose salary in 2020/21 was £100,000 (pro rata) or more per year, the previous years are also included as a comparator.

Employees in Higher Earnings Bands	2019-20					2020-21					Notes
	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	
G Little, Chief Executive & Accountable Officer NHS Bury CCG	177	14		36	227	187			38	225	A
L Ridsdale – Deputy Chief Executive (Corporate Core)	132			27	159	144			29	173	
P Patterson – Executive Director: Business Growth & Infrastructure	137			24	161					0	B
Executive Director: Children & Young People	118			24	142	68			14	82	C
Executive Director: Children & Young People						67			13	79	D
D Ball – Executive Director of Operations	102			21	123	128			26	154	
Executive Director: Strategic Commissioning						29			3	33	E
Executive Director: Places (Interim)						16				16	F
Director of Community Commissioning	119			24	143	108			22	130	G
Director of Public Health	102			15	117	105			15	120	
Director of Economic Regeneration & Capital Growth	102			21	123	105			21	126	
Director of Housing Growth & Development (Interim)	102			20	122						H
Assistant Director: Legal & Democratic Services (Monitoring Officer and DPO)	82			17	99	94			15	109	I
Strategic Advisor: Legal & Democratic Services						135				135	J
J Kramer – Assistant Director: Education & Learning						224				224	K
L Kitto – Deputy Chief Finance Officer (Interim)	95				95	151				151	L
L Kitto – Director of Financial Transformation						151				151	M
Joint Chief Finance Officer					0						N
Executive Director: Resources & Regulation (Interim)	53			4	57						O

Senior Officers served for the whole of 2019/20 and 2020/21 unless stated below.

Notes:

- A: The Chief Executive is also the Accountable Officer at the Bury CCG, no recharge was made to NHS Bury CCG during 2020/21.
- B: The Executive Director for Business Growth & Infrastructure left the Council on 29 February 2020.
- C: The Executive Director for Children & Young People left the Council on 4 October 2020.
- D: The Executive Director for Children & Young People was appointed on 30 September 2020.
- E: The Executive Director for Strategic Commissioning was appointed on the 06 July 2020, the annualised salary would have been over the £100,000 threshold. This is a joint role between the Council and the CCG, the CCG contributed 50% of his salary in 2020-21.
- F: The Interim Executive Director for Places started with the Council in February 2021 and is paid through an agency on a part time basis.
- G: The Director of Community Commissioning acted up into the Executive Director for Strategic Commissioning prior to the appointment of the new director.
- H: The post was deleted in May 2019.
- I: The Assistant Director for Legal & Democratic Services left the Council in 2020, the post was covered on an interim basis internally pending the permanent recruitment in April 2021.
- J: The Strategic Advisor for Legal & Democratic Services was contracted through an agency.
- K: The Interim Assistant Director of Education & Learning was paid via an agency.
- L: The Interim Deputy Chief Finance Officer was paid via an agency from April to September 2020.
- M: The Director of Financial Transformation was paid via an agency from October 2020 to March 2021.
- N: The Joint Chief Finance Officer is the appointed Section 151 Officer for the Council, the post is remunerated through Bury NHS CCG. His salary falls within a range of £110,000 and £115,000. He left the CCG on 31 January 2021. No recharge was paid to NHS Bury CCG during 2020/21.
- O: The post if Interim Executive Director for Resources and Regulation was deleted in May 2019.

33.2 The number of employees, including teachers, whose remuneration, excluding employer pension contributions, was £50,000 or more.

Salary Range	2019-20 Teaching Staff	2020-21 Teaching Staff	2019-20 Non- Teaching Staff	2020-21 Non- Teaching Staff
£50,000 - £55,000	59	48	28	28
£55,001 - £60,000	34	32	7	10
£60,001 - £65,000	20	25	8	11
£65,001 - £70,000	21	21	1	4
£70,001 - £75,000	15	8	2	1
£75,001 - £80,000	4	9	0	2
£80,001 - £85,000	1	1	2	1
£85,001 - £90,000	4	1	3	3
£90,001 - £95,000	1	4	1	4
£95,001 - £100,000	1	0	0	0
£100,001 - £105,000	0	0	2	1
£105,001 - £110,000	0	1	0	2
£110,001 - £115,000	0	0	0	0
£115,001 - £120,000	0	0	2	0
£120,001 - £125,000	0	0	0	0
£125,001 - £130,000	0	0	0	1
£130,001 - £135,000	0	0	1	0
£135,001 - £140,000	0	0	1	1
£140,001 - £145,000	0	0	0	0
£145,001 - £150,000	0	0	0	0
£150,001 - £155,000	0	0	0	0
£155,001 - £160,000	0	0	0	0
£160,001 - £165,000	0	0	0	0
£165,001 - £170,000	0	0	0	0
£170,001 - £175,000	0	0	0	0
£175,001 - £180,000	0	0	1	1
TOTAL	160	150	59	70

33.3 Analysis of Teaching Staff

Salary Range	2020-21 Voluntary Aided	2020-21 Voluntary Controlled	2020-21 Community (Bury Council)	2020-21 Total
£50,000 - £55,000	24	5	30	59
£55,001 - £60,000	12	1	21	34
£60,001 - £65,000	6	2	12	20
£65,001 - £70,000	5	4	12	21
£70,001 - £75,000	5	0	10	15
£75,001 - £80,000	1	0	3	4
£80,001 - £85,000	0	1	0	1
£85,001 - £90,000	0	0	4	4
£90,001 - £95,000	0	0	1	1
£95,001 - £100,000	0	0	1	1
£100,001 - £105,000	0	0	0	0
TOTAL	53	13	94	160

33.4 Exit Packages – Total

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package Cost band (including special payments)	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
	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	£000
£0 - £20,000	9	5	78	3	87	8	750	85
£20,001 - £40,000	0	0	49	6	49	6	1339	165
£40,001 - £60,000	0	0	2	0	2	0	88	0
£60,001 - £80,000	0	0	1	1	1	1	71	70
£80,001 - £100,000	0	0	1	0	1	0	87	0
Total	9	5	131	10	140	15	2335	320

34 Pooled Funds

Section 75 of the National Health Service Act 2006 allowed joint working arrangements between NHS organisations and local authorities. Pooled funds enable these bodies to work collaboratively to address specific local health issues.

Bury Council and the Bury Clinical Commissioning Group (CCG) have worked together to support health and social care integration within the locality. From 1 October 2019 the Integrated Commissioning Fund (ICF) includes the total revenue budget allocations of both the Council and the CCG. The single fund is overseen by the Bury Strategic Commissioning Board (SCB), a sub-committee of the CCG Governing Body and Council Cabinet. Its membership includes equal representation from the CCG and Council.

The ICF supports the 4 strategic priorities of the Bury Locality Plan:

- **Building new relationships:** We will enable a radical shift in both the relationship between local people and public services, and the way in which public services work together towards a common set of outcomes.
- **Staying well for longer:** We will support local people to remain well for longer by systematically tackling the causes of illness, radically up-scaling prevention, and implementing a whole system wellness and wellbeing programme.
- **Reducing failure demand:** We will identify and remove the demand that exists in most Public Service systems that occur as a result of the way in which services are delivered and the way in which organisations work together within the system.
- **Tackling wider determinants of health:** We will make a concerted system-wide effort to tackle the wider determinants which impact upon the health and wellbeing of local people such as deprivation, work and skills, housing, education and the environment.

The ICF is made up of 3 component sections:

- **Section 75 Pooled Budget:** Decisions on the utilisation of this budget are delegated to the SCB.
- **Aligned Services Budget:** For services that cannot be pooled under Section 75 legislation or the Council and CCG have agreed are not yet in a position to pool. Recommendations on the utilisation of this budget are made by the SCB with decisions taken by the appropriate sovereign organisation.
- **In View Services Budget:** For services that are influenced but not directly commissioned by the partners. Decisions on the utilisation of in-view budgets are made by committees/bodies outside of Bury and are shared for information purposes only.

Risk share agreement

Under the risk share arrangements of the ICF each organisation shares financial risk on a 50:50 basis. Each partner organisation accounts for their own contributions and details of the spend from the pool are reported to the Bury Strategic Commissioning Board. In addition to the risk share the ICF financial framework allows for contributions from partners to vary in year as long as partner contributions are fully restored and balanced by the end of 2022/23. In 2020/21 the CCG increased its contribution to the ICF Section 75 budget by £15.0m. This

comprised of a planned contribution from the Council of £10.5m agreed during 2019/20 and an additional contribution agreed in year.

Integrated Commissioning Fund incorporating the Better Care Fund and Improved Better Care Fund	2019/20	2020/21
	£'000s	£'000s
Integrated Commissioning Fund Contribution		
Bury Council	(106,401)	(88,047)
Bury CCG	(202,311)	(244,248)
	(308,712)	(332,295)
Integrated Commissioning Fund Expenditure		
Bury Council	96,307	103,804
Bury CCG	212,711	228,911
	309,018	332,715
Net deficit arising on the pooled budget during the year	306	420

35 Related Parties

The Council is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the ability to control or significantly influence the Council or be controlled or influenced by the Council. This note sets out details of transactions between related parties and the Council.

Central Government: the Government has significant influence over the general operations of the Council. It is responsible for providing the framework within which the Council operates. It also provides the majority of funding for Council services. Grants received from government departments are set out in Note 30.

Members of the Council have direct control over the Council's financial and operating policies. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interests, which is open to public inspection. Members' interests are also available to view via the Council's web site. The total of members' allowances paid in 2020/21 is shown in Note 32.

Corporate Directors and Service Directors are required on an annual basis to make a declaration of related parties. In addition, there is a code of conduct under which such officers must disclose any pecuniary and non-financial interests. No such disclosures have been made for 2020/21.

Related Party Transactions with Other Public Bodies

The Council has a pooled fund arrangement with Bury CCG which encompasses Council Adult Social Care budgets and CCG commissioned expenditure, together with expenditure funded by the Better Care Fund, Improved Better Care Fund and the GM Health and Social Care Transformation Fund. For further detail see Note 34 Pooled Funds.

Greater Manchester Combined Authority

Greater Manchester Combined Authority (GMCA) co-ordinates key economic development, regeneration, transport and waste disposal functions. The Council pays levies to GMCA for

transport and waste disposal functions and the following amounts are included in the Comprehensive Income and Expenditure Statement, within Other Operating Expenditure.

Related Parties	2019/20 £000's	2020/21 £000's
GM Waste Disposal Authority	11,632	11,840
GM Passenger Transport Authority	13,140	12,911
Environment Agency	100	104
Total	24,872	24,855

Other related parties disclosed elsewhere in the Statement of Accounts

Pension funds are disclosed in other notes to the Core Financial Statements.

The Council prepares Group Accounts for entities where it has material financial interests and a significant level of control. The Bury Council Group comprises Six Town Housing Ltd, Persona Care and Support Ltd and Persona Group Ltd, and Bury BMBC Townside Fields Ltd.

Six Town Housing Ltd was set up to manage and maintain the housing stock of Bury Council. Six Town Housing has no share capital and is wholly owned by the Authority. It is an ALMO (arms-length management organisation) of the Council and is a company limited by guarantee. It was incorporated on 30 October 2003. In 2020/2021 Six Town Housing made a deficit of £1.204m compared to a profit of £0.036m in 2019/2020. Bury Council paid management fees of £13.059m in 2020/2021 (£13.059 in 2019/2020) to Six Town Housing for the management of its housing stock.

The Persona group of companies comprise of Persona Group Ltd, and Persona Care and Support Ltd. These companies were formed to provide social care services to older people and people with disabilities. The company's share capital (Called up Share Capital £3) is wholly owned by Bury Council. The Persona group of companies made a deficit before tax of £0.044m for the year ended 31st March 2021, compared to a profit of £0.533m for the period to 31st March 2020. Bury Council paid management fees of £11.320m in 2020/21 (£11.320m in 2019/2020).

Bury MBC Townside Fields Ltd was formed to facilitate the development of Knowsley Place, and was incorporated on 14th October 2009. The company's share capital (Ordinary Share Capital £1) is wholly owned by Bury Council. Bury MBC Townside Fields Limited made a profit after tax of £0.059m for the year ended 31st March 2021 compared to a loss of £0.039m for the period to 31st March 2020. As at 31st March 2021, Bury Council has £7.257m invested in Bury MBC Townside Fields Ltd.

More information can be found at The Group Accounts section to the Statement of Accounts.

36 Critical Judgements in Applying Accounting Policies

The following disclosure sets out critical judgements applied to the accounting policies of the Council that have a significant impact on the presentation of the financial statements.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Council maintained schools should

be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

The Council has completed a school by school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets.

The types of schools that have been assessed as at 31 March 2021 are shown below:

Type of School	Nursery Schools	Primary Schools	Secondary Schools	Special Schools (including PRU)	Total Schools
Community	1	21	6	3	31
Voluntary Controlled (VC)	0	8	0	0	8
Voluntary Aided (VA)	0	18	2	0	20
Foundation	0	1	0	0	1
Total Maintained	0	48	8	3	60
Academies	0	16	5	1	22
Total Schools and Academies	0	64	13	4	82

In 2014/15 the Council completed a school by school assessment across the different types of schools it controls within the Borough. Letters of confirmation were received from the Diocese of Manchester, Salford Diocese, Peel Brow Foundation School, Manchester Mesivta * and Bury and Whitefield Jewish Primary School that state that the schools occupy the school premises subject to the direction of the Trustees who own the land on which the schools are sited.

All decisions relating to land and buildings rest with the Trustees and there has been no assignment of rights to the property. No formal documentation exists, the schools occupy the premises under a "mere" licence which has passed no interest to the school's governing body and which is terminable by the Trustees at any time.

As such none of the schools are included on the Council's balance sheet.

(*The Department for Education (DfE) purchased the land occupied by Manchester Mesivta in January 2016 and the Trustees have a 125 year lease arrangement with the DfE. This does not affect the local authority accounts.)

All 31 community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. The existing schools' land and building assets are transferred to academies on conversion date on a long term lease of 125 years. The nominal value shown on the Council's Balance Sheet at year end reflects this arrangement.

For local authority maintained schools transferring to academy status an academy conversion accounting policy is in place that sets out the critical actions that must be completed in order for the school to transfer to an academy trust. This includes the treatment of transactions and balances of the schools being derecognised from the local authority single entity financial statements and the consideration of non-current assets.

Pooled Budgets

The Council is the host partner of the pooled funds. The arrangements are made in accordance with section 75 of the National Health Service Act 2006 and allows budgets to be pooled between authorities and health and social care organisations. The pool is jointly controlled by Bury MBC and Bury CCG constituting a joint operation and accounted for under IFRS 11. The pool is hosted by Bury MBC and governed by the Strategic Commissioning Board (SCB). The CCG Governing Body and Council Cabinet have delegated management of the pool to the SCB whose membership is made up of equal representation from the Council and CCG.

Whilst the section 75 agreement between the CCG and Bury Council does constitute a 'joint operation' under IFRS 11, the substance of the commissioning transactions related to the Fund's spending plan indicates that neither the CCG nor Bury Council are either a joint operator or lead commissioner but are acting as single entities. Therefore, each organisation accounts for its own transactions without recognising its interest in its share of total assets, liabilities, revenue and expenditure that relate to the whole Fund.

Group Boundaries

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. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e. the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council has assessed its group boundary for 2020/21 and has subsidiaries who are considered to be material and will be consolidated into its group accounts.

Basis of Consolidation

Six Town Housing, Bury MBC Townside Fields Ltd and Persona Group Ltd have been identified as subsidiaries of Bury Council and as such their financial statements have been consolidated on a line by line basis to comply with IFRS 10 – consolidated financial statements.

The accounting for business combinations basis for consolidation has been used for the 3 subsidiaries as Bury Council, the parent company, has taken 100% control of the companies.

In order to create Six Town Housing and Persona Group, part of the Council has been externalised and therefore at the formation of the company the assets and liabilities were transferred at fair value which did not give rise to good will.

Six Town Housing was incorporated on 30 October 2003 and trading began on 1 April 2005. Bury MBC Townside Fields Limited was incorporated on the 14th October 2009. Both are wholly owned subsidiaries of Bury Council.

The financial year of all 3 subsidiaries is the same as that of Bury Council, from 1 April 2020 to 31 March 2021, therefore no adjustments are required regarding the accounting year.

Investment Properties

Investment properties have been assessed using the identifiable criteria under the international accounting standards and are being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

Airport Investment

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL). Following the adoption of accounting standard IFRS 9 Financial Instruments which came into effect 1 April 2018, the default valuation method of the Council's equity holdings would be Fair Value through Profit and Loss. However, the shareholding is a strategic investment and not held for trading and therefore the Council has designated the investment as fair value through other comprehensive income. It is the Council's view that this is a reasonable and reliable accounting policy for the investment.

The Council has made an equity investment in Manchester Airport Car Park (1) Limited, (along with the other nine Greater Manchester District Councils). The Council's investment is to provide car parking facilities at Manchester Airport. The Council holds 3 Class C ordinary shares. The shareholding will be classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) will be designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. The decision to designate to fair value through Other Comprehensive Income is irrevocable and it is the Council view that this is a reasonable and reliable accounting policy for this investment.

37 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

Long Term Assets – Manchester Airport Holdings Limited (MAHL)

The Authority's shareholding in the Manchester Airport Group is 3.22% as at 31 March 2021. The asset is valued using the earnings based 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 Authority to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of the

MAHL. The valuation provided is based on estimations and assumptions and therefore should the Authority sell its shareholding the value held in these statements may not be realised.

As at 31 March 2021 the Authority's valuers advised of an increase of £5.630m in the fair value Authority share from £32.070m to £37.700m which has been reflected in the financial statements.

Pension Liability

The estimation of the net liability to pay pensions 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. Greater Manchester Pension Fund has disclosed in their statements, uncertainty with the valuation of property investments following the impact of the Covid-19 Pandemic. Further details can be found in Note 18.

The Council's net Pension Liability of £362.3m includes a share of the overall Greater Manchester Pension Fund investment assets as disclosed in Note 18. The Pension Fund in their financial statements for 2020/21 have disclosed a material uncertainty in accordance with VPS 3 and VPGA 10 of the RICS Red Book Global due to the impact of COVID-19, in respect of the valuation of their property investments. Consequently, less certainty, and a higher degree of caution should be attached to the valuation of those assets than would normally be the case. In Note 18 the Council have disclosed that their share of the total property assets held by the Pension Fund is valued at £31.222m. The valuation of the Council's share of the property assets is subject to the same material valuation uncertainty as applies to the Pension Fund financial statements and as such less certainty can be applied to the valuations than would typically be the case.

Business Rates

Following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2020/21 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The provision estimate has been calculated using the latest Valuation Office (VAO) ratings list of ratings appeals and the analysis of successful appeals to date.

Property, Plant and Equipment

The Council's asset valuations were effective as of 31st January 2021. When considering the report of the Council's valuer and the position as at the Balance Sheet date, due consideration has been given to potential movements and the impact of the emergence of the Covid-19 pandemic. The impact of Covid 19 has resulted in a significant reduction in the number of transactions in the market and consequently the relevant observable data available upon which to base a valuation judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' in accordance with Valuation Practice Supplement 3 and Valuation Practice Guidance Assumption 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation presented in Note 9. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy.

38 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Joint Chief Finance officer on 15 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.

There are no non-adjusting events after the Balance Sheet date.

Housing Revenue Account

Income and Expenditure Statement

This statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Since April 2005 the Council's housing stock has been managed by an Arm's Length Management Organisation, Six Town Housing.

HRA Income and Expenditure Statement	Note	2019/20 £000's	2020/21 £000's
Income			
Dwelling Rents (gross)		(29,059)	(29,895)
Non-Dwelling Rents		(208)	(170)
Charges for Services and Facilities		(969)	(971)
Contributions towards expenditure		(89)	(37)
Total Income		(30,325)	(31,073)
Expenditure			
Repairs and Maintenance		6,864	6,866
Supervision and Management		8,305	8,321
Rents, Rates, taxes & other charges		57	28
Depreciation and Impairment of Property, Plant & Equipment	5,6	9,929	2,085
Revaluation (gains) / losses on non-current assets		(7,008)	(1,888)
Debt management costs		45	39
Increased Provision for Bad & Doubtful Debts	8	419	236
Total Expenditure		18,611	15,687
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(11,714)	(15,386)
HRA services share of Corporate and Democratic Core		400	400
Net Cost of HRA Services		(11,314)	(14,986)
HRA Share of Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:			
(Gain) or loss on sale of HRA non-current assets		(718)	(411)
Interest payable and other similar charges		4,827	4,649
Interest and investment income		(62)	(16)
(Surplus) or Deficit for the year on HRA Services		(7,267)	(10,764)

Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	2019/20 £000's	2020/21 £000's
Opening Balance	(6,970)	(8,393)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	(7,267)	(10,764)
Adjustments between accounting basis and funding basis under statute	5,844	8,735
Increase before transfers to/from reserves	(1,423)	(2,029)
Transfers to/(from) Earmarked Reserves	0	0
Increase in year on the HRA	(1,423)	(2,029)
Closing Balance	(8,393)	(10,422)

Note to the Movement on the HRA Statement	2019/20 £000's	2020/21 £000's
Analysis of adjustments between accounting basis and funding basis under statute		
Depreciation, impairment and revaluation losses of non-current assets	(2,921)	(197)
Minimum Revenue Provision	0	0
Gain or loss on sale of HRA fixed assets	718	411
Capital Expenditure funded by the HRA	865	1,195
Transfer to Major Repairs Reserve	7,182	7,326
Net Adjustment	5,844	8,735

Notes to the Housing Revenue Account

1. Housing Stock

In preparing the HRA budget, the Council needs to estimate the total level of income it can raise from rents. In doing so it takes account of current rental income, any likely changes in the size and composition of the Housing Stock and the estimated loss of income from unoccupied dwellings.

The numbers of each type of property at 31st March were:

Housing Stock	2019/20	2020/21
Flats & maisonettes	3,324	3,329
Bungalows	803	803
Houses	3,756	3,733
Total	7,883	7,865

28 Council house sales and 10 additions account for the change in the Housing stock during the financial year.

The total capital receipts realised from the disposal of Council houses during the year was £1.528m. This figure represents a decrease in the region of 58% compared to the 2019/20 figure of £3.68m. The figure represents the total selling price of Council houses (net of Right to Buy discount) and other repaid discounts relating to previous sales.

The value of the housing stock was:

Housing Stock Value	2019/20 £000's	2020/21 £000's
Dwellings	182,641	191,673
Land	54,467	56,119
Shops, Offices and Garage Colonies	5,675	3,321
Total	242,783	251,113

2. Vacant Possession

- i) The Vacant Possession Value (VPV) of dwellings within the Council's HRA as at 1st April 2020 was £640.5m representing an increase of approximately 2.5% over the 1st April 2019 figure of £624.6m. The new value was established as a result of the revaluation of the Housing Stock completed in the year.
- ii) The VPV is an opinion of the best sale price that could have been obtained for the properties on the date of the valuation. The Balance Sheet value of dwellings within the HRA contains an adjustment factor advised by Government to reflect the fact that the properties have sitting tenants enjoying sub-market rents and rights, including 'right-to-buy'. This reflects the economic cost to the Government of providing council housing at less than open market rents.
- iii) The current adjustment factor for the North West and Merseyside Region originally set from April 2016 at 40% by DCLG remains, resulting in an adjusted figure for 1st April 2020 of £256.2m.

3. Major Repairs Reserve (MRR)

The Major Repairs Allowance (MRA), that used to be paid in past years as part of the HRA subsidy provided authorities with the resources needed to maintain the value of their housing stock over time. Under the new self-financing model Authorities can use, based on a componentised calculation for depreciation, an element that is transferred during the year into the Major Repairs Reserve and equates to an amount not less than the previous MRA amount.

Major Repairs Reserve (MRR)	2019/20 £000's	2020/21 £000's
Balance as at 1st April	0	46
Transferred to MRR during the year	7,182	7,326
Credit in respect of General Fund depreciation	0	0
Transferred from MRR to HRA during the year	0	0
Debits in respect of capital expenditure within HRA	(7,136)	(7,358)
Balance as at 31st March	46	14

4. Capital Expenditure within HRA

The 1989 Act gives local authorities the discretion to finance expenditure for HRA capital purposes from the HRA.

Capital Expenditure within the HRA	2019/20 £000's	2020/21 £000's
Total capital expenditure within the HRA	7,859	8,553
Financed by:		
External contributions	0	0
Revenue contributions	865	1,195
Capital receipts	0	0
Major Repairs Reserve	7,136	7,358
Total	8,001	8,553

5. Depreciation

The HRA is charged an amount for depreciation of assets.

HRA Depreciation	2019/20 £000's	2020/21 £000's
Council Dwellings	7,147	7,327
Shops, Offices and Garage Colonies	47	46
Total	7,194	7,373

6. Impairment Charges

The HRA is charged an amount for the impairment charges of assets in respect of capital expenditure not adding value to the housing stock and other property within the HRA.

HRA Impairment Charges	2019/20 £000's	2020/21 £000's
Council Dwellings	2,735	(5,365)
Shops, Offices and Garage Colonies	0	77
Total	2,735	(5,288)

7. Revenue Expenditure Funded From Capital Under Statute

No revenue expenditure funded from capital under statute is attributable to the HRA.

8. Rent Arrears / Bad Debt Provision

Rent Arrears

The rent arrears as at 1 April 2020 totalled £2,075,206, and at 31 March 2021 totalled £2,050,113. Of the arrears 60.12% at 31 March 2021 related to current tenants (59.04% at 31st March 2020) and 39.88% related to former tenants (40.96% at 31st March 2020). The figures stated represent gross arrears and are not shown net of advances as in previous years.

Bad Debt Provision

Bad Debt Provision	2019/20 £000's	2020/21 £000's
Opening Bad Debt Provision	1,416	1,822
Charged to HRA	419	236
Written off	(23)	(176)
Re-instated previously written off amount	10	0
Net increase / (decrease)	406	60
Closing Bad Debt Provision	1,822	1,882

The Collection Fund

Collection Fund Statement:

Income and Expenditure Account	Not e	2019/20 Total £000'S	2020/21 Council Tax £000's	2020/2 1 NNDR £000'S	2020/21 Total £000's
<u>Income</u>					
Council Tax	1	(103,868)	(108,058)	0	(108,058)
Council Tax Annexe Grant		0	0	0	0
Transitional Relief		0	0	0	0
Business Rates Receivable	2	(50,236)	0	(23,189)	(23,189)
Business Rates Transitional Protection Payments		281		920	920
Contributions towards previous year's deficit					
Bury MBC		(1,949)	0	0	0
Central Government		0	0	0	0
Greater Manchester Fire & Civil Defense Authority		(20)	0	0	0
Total Income		(155,792)	(108,058)	(22,289)	(130,327)
<u>Expenditure</u>					
Precepts and Demands on Collection Fund					
Bury		129,915	89,021	51,266	140,287
Police		10,629	11,503	0	11,503
Fire		4,598	5,022	518	5,540
Central Government		0	0	0	0
Cost of Collection		235	0	232	232
Bad Debts					0
Change in Bad Debt provision		1,895	3,084	1,524	4,608
Write Offs		213	3	170	173
Contribution to (+)/ from (-) appeals provision		(2,872)	0	(3,021)	(3,021)
Transfer of Surplus					0
Police		545	968	0	968
Fire		212	376	83	459
Bury		4,710	7,569	8,239	15,808
Total Expenditure		150,080	117,546	59,011	176,557
Movement in collection fund Balance during year		(5,712)	9,488	36,742	46,230
Fund Balance brought forward		(11,778)	(8,888)	(8,602)	(17,490)
Closing cumulative (surplus)/ deficit carried forward		(17,490)	600	28,140	28,740

Notes to the Collection Fund Statement

1. Council Tax

Band	Valuation	Total Number of Dwellings	Specified Ratio	Band D Equivalent
A reduced	Less than £40,000	48	5/9	27
A	Less than £40,000	25,537	6/9	17,024
B	£40,000 to £52,000	16,555	7/9	12,876
C	£52,000 to £68,000	15,775	8/9	14,022
D	£68,000 to £88,000	8,496	1	8,496
E	£88,000 to £120,000	5,152	11/9	6,297
F	£120,000 to £160,000	1,749	13/9	2,526
G	£160,000 to £320,000	1,198	15/9	1,996
H	More than £320,000	154	18/9	308
		74,662		63,571
	Less allowance for losses on collection			(2,003)
	Impact of Council Tax Support Scheme			(6,345)
	Council Tax Base 2020/21			55,222

- i) The actual number of properties was 84,140 but after adjusting for single person discounts, empty properties etc., the notional number of dwellings is 74,661.75
- ii) The Band D Council Tax levied for the year was £1,911.29 (£1,826.19 in 2019/20):

Band D Council Tax Levied	2019/20 £000'S	2020/21 £000'S
Bury Council	1,550.94	1,612.04
Greater Manchester Police Authority	198.30	208.30
Greater Manchester Fire & Civil Defence Authority	76.95	90.95
Total	1,826.19	1,911.29

2. National Non-Domestic Rates (NNDR)

The Council collects NNDR in respect of business premises by applying a rate poundage set by central Government to the rateable value of the premises. The rate set for 2020/21 was 51.2p in the pound (50.4p in 2019/20) and at 31st March 2021 the estimated non-domestic rateable value of the Borough was £132.41m (£133.04m at 31st March 2020). In addition in 2020/21 the Small Business Rate was set at 49.9p in the pound (49.1p for 2019/20).

The Group Accounts

Introduction

The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entity, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the Authority's financial activities and the resources employed in carrying out those activities.

The Council has prepared the following Group Accounts due to its' relationship with three organisations over which it has substantial control and influence. Six Town Housing Ltd, Bury MBC Townside Fields Ltd and the Persona group of companies, Persona Care and Support Ltd and Persona Group Ltd, have been identified as subsidiaries of Bury Council.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

- Group Comprehensive Income and Expenditure Statement;
- Group Movement in Reserves Statement;
- Group Balance Sheet; and
- Group Cash Flow Statement.

Group Comprehensive Income and Expenditure Statement

2019/20			Group Comprehensive Income and Expenditure Statement	2020/21		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
145,307	(62,677)	82,630	One Commissioning Organisation	108,935	(52,122)	56,813
228,717	(169,835)	58,882	Children, Young People & Culture	210,504	(169,448)	41,056
39,252	(19,574)	19,678	Corporate Core Services	32,678	(1,012)	31,666
28,530	(58,077)	(29,547)	Non Service Specific	47,890	(52,750)	(4,860)
14,598	(10,814)	3,784	Business, Growth & Infrastructure	9,427	(6,629)	2,798
797	(178)	619	Art Gallery & Museum	0	0	0
24,962	(9,974)	14,988	Operations	48,895	(22,916)	25,979
38,709	(38,332)	377	Housing General Fund	35,880	(35,916)	(36)
(7,003)	(8,497)	(15,500)	Local Authority Housing	(16,690)	(8,612)	(25,302)
513,869	(377,958)	135,911	Cost of Services	477,519	(349,405)	128,114
43,265	(2,055)	41,210	Other Operating Expenditure	40,983	(591)	40,392
33,928	(28,947)	4,981	Financing & Investment Income & Expenditure	29,681	(19,714)	9,967
2,228	(169,251)	(167,023)	Taxation & Non-Specific Grant Income & Expenditure	0	(176,423)	(176,423)
		15,079	Surplus or Deficit On Provision of Services			2,050
		(16,776)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment			(8,946)
		4,980	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			7,759
		22,500	(Surplus)/Deficit from investments in Equity Instruments designated at fair value through Comprehensive Income			(1,890)
		(72,402)	Actuarial (gains)/losses on Pension assets & liabilities			109,313
		(61,698)	Total Other Comprehensive Income & Expenditure			106,236
		(46,619)	Total Comprehensive Income & Expenditure			108,286

Group Movement in Reserves Statement

Group Movement in Reserves Statement	Usable Reserves						Unusable Reserves £000's	Total Council Reserves £000's	Reserves of Group Entities £000's	Total Reserves £000's
	Earmarked Reserves/ General Fund Balances £000's	Housing Revenue Account £000's	Usable Capital Receipts £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's				
Balance at 1 April Brought Forward	(59,616)	(8,393)	(6,974)	(46)	(9,982)	(85,011)	(126,669)	(211,680)	(1,013)	(212,693)
Movement in reserves during 2020/21										
Total Comprehensive Income and Expenditure	12,671	(10,764)				1,907	92,369	94,276	14,010	108,286
Adjustments between accounting basis and funding basis under regulations	(91,770)	8,735	2,084	32	374	(80,545)	80,545	0	0	0
Net (increase)/decrease before transfers to Earmarked Reserves	(79,099)	(2,029)	2,084	32	374	(78,638)	172,914	94,276	14,010	108,286
Transfers to/from Earmarked Reserves										0
(Increase)/Decrease in Year	(79,099)	(2,029)	2,084	32	374	(78,638)	172,914	94,276	14,010	108,286
Balance at 31 March carried forward	(138,715)	(10,422)	(4,890)	(14)	(9,608)	(163,649)	46,245	(117,404)	12,997	(104,407)

Group Balance Sheet

31st March 2020 £000's	Group Balance Sheet Description	31st March 2021 £000's
562,985	Property, Plant & Equipment	543,069
24,592	Heritage Assets	26,353
26,638	Investment Property	25,199
2,656	Intangible Assets	3,601
32,070	Long term Investments	30,443
21,262	Long term debtors	40,952
670,202	Long term assets	669,617
5,269	Short Term Investments	521
1,377	Stocks & Work in progress	1,177
53,035	Sundry Debtors & Advance Payments	119,695
30,335	Cash and Cash Equivalents	21,051
511	Assets Held For Sale	622
90,527	Current Assets	143,066
(23,439)	Short Term Loans Outstanding	(6,392)
(177)	Deposit & Client Funds	(145)
(5,626)	Short Term Provisions	(3,948)
(49,298)	Sundry Creditors & Advance Receipts	(100,005)
(250)	Revenue Grants Receipts In Advance	(73)
(78,790)	Current Liabilities	(110,563)
(193,878)	External Loans Outstanding	(201,567)
(2,184)	Capital Grants Receipts in Advance	(4,272)
(49)	Finance Lease Liabilities	(27)
(3,018)	Deferred Liabilities	(1,640)
(261,425)	Pension Liability	(382,312)
(8,692)	Long Term Provisions	(7,895)
(469,246)	Long Term Liabilities	(597,713)
212,693	Net Assets	104,407
(85,011)	Usable Reserves	(163,649)
(127,682)	Unusable Reserves	59,242
(212,693)	Total Reserves	(104,407)

Group Cash Flow Statement

Group Cashflow Statement	2019/20 £000's	2020/21 £000's
Net surplus or (deficit) on the provision of services	(15,078)	2,050
Adjustment to surplus or deficit on the provision of services for noncash movements	48,882	17,379
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(15,864)	(4,354)
Net Cash flows from Operating Activities	17,940	15,075
Net cash flows from Investing Activities	(14,897)	(11,659)
Net cash flows from Financing Activities	11,883	(12,700)
Net increase or (decrease) in cash and cash equivalents	14,926	(9,284)
Cash and cash equivalents at the beginning of the reporting period	15,409	30,335
Cash and cash equivalents at the end of the reporting period	30,335	21,051

Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Group Cash Flows for Operating Activities	31/03/2020 £000's	31/03/2021 £000's
Interest received	3,010	3,822
Interest paid	12,365	(7,937)
Dividends received	6,429	0

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Non-Cash Movements	31/03/2020 £000's	31/03/2021 £000's
Depreciation	18,902	22,029
Impairment and downward valuations	(822)	6,464
Amortisation	428	470
Movement in contract assets, liabilities and costs (IFRS 15)	0	0
Deferred revenue/ deferred payment agreements (IFRS 15)	0	0
Increase/(decrease) in impairment for bad debts	0	0
Increase/(decrease) in creditors	13,215	49,470
(Increase)/decrease in debtors	(14,245)	(80,609)
(Increase)/decrease in inventories	132	200
Movement in pension liability	21,354	5,951
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	20,459	15,444
Other non-cash items charged to the net surplus or deficit on the provision of services	(10,541)	(2,040)
	48,882	17,379

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Investing and Financing Activities	31/03/2020 £000's	31/03/2021 £000's
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	4,750
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,015)	(551)
Any other items for which the cash effects are investing or financing cash flows	(10,849)	(8,553)
	(15,864)	(4,354)

Group Cash Flow Statement – Investing Activities

Group Cash Flow Statement - Investing Activities	31/03/2020 £000's	31/03/2021 £000's
Purchase of property, plant and equipment, investment property and intangible assets	(31,731)	(20,756)
Purchase of short-term and long-term investments	0	(3,740)
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,972	2,196
Proceeds from short-term and long-term investments	0	0
Other receipts from investing activities	11,862	10,641
Net cash flows from investing activities	(14,897)	(11,659)

Group Cash Flow Statement – Financing Activities

Group Cash Flow Statement - Financing Activities	31/03/2020 £000's	31/03/2021 £000's
Cash receipts of short- and long-term borrowing	33,217	12,300
Other receipts from financing activities	0	0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(22)	(22)
Repayments of short- and long-term borrowing	(20,959)	(23,239)
Other payments for financing activities	(353)	(1,739)
Net cash flows from financing activities	11,883	(12,700)

Notes to the Group Accounts

Where figures in the Group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

The financial year of all the subsidiaries is the same as that of Bury Council, from 1 April 2020 to 31 March 2021, therefore no adjustments are required regarding the accounting year.

Their financial statements have been consolidated on a line by line basis.

1. Accounting policies

The accounting policies of the Council's consolidated subsidiary companies have been aligned with the Council's Accounting Policies set out in Note 1. Any statutory adjustments between the accounting basis and funding basis included in the Council's accounting policies do not apply to the subsidiary companies

2. Bodies Consolidated

The Council has consolidated three of its Subsidiaries into its Group Accounts, these are Six Town Housing Ltd, Bury MBC Townside Fields Ltd and the Persona group of companies, Persona Care and Support Ltd and Persona Group Ltd.

Six Town Housing Ltd was set up to manage and maintain the housing stock of Bury Council. Six Town Housing has no share capital and is wholly owned by the Authority. It is an ALMO (arms-length management organisation) of the Council and is a company limited by guarantee. It was incorporated on 30 October 2003.

Percentage of Total Shareholding: The composition of the Board and the voting rights is as follows:

Board members	Members	% of voting Rights
Bury Council	4	30.8
Tenant	4	30.8
Independent	4	30.8
Independent Chair	1	7.6
Advisory Director	1	0
		100

The related party transactions between Council Members on the board of Six Town Housing and Bury Council are detailed in Bury Council Statement of Accounts Note 35.

Six Town Housing's Statement of Accounts 2020/2021 are audited by RSM and will be submitted to their Audit, Standards, Risk and Performance Committee on 2nd September 2021, followed by the Board meeting on 22nd September 2021.

Financial Transactions and Operations: In 2020/2021 Six Town Housing made a surplus of £0.842m compared to a deficit of £1.204m in 2019/2020. Bury Council paid management fees of £13.059m in 2020/2021 (£13.059 in 2020/2021) to Six Town Housing for the management of its housing stock.

As a wholly owned subsidiary, the Council is committed that, in the event of Six Town Housing being wound up to contribute up to the limit of the guarantee. After the satisfaction of all the debts and liabilities the remaining assets will be transferred to the Council's Housing Revenue Account.

Bury Council has made a number of loans to Six Town Housing at commercial rates of interest. No new additional loans were made during 2020/21:-

Loans by Bury Council to Six Town Housing						
Purpose of Loan	No of years of loan	2011/12 £m	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Redbank Housing Project	35.5	1.140	0.000	0.000	0.000	1.140
Mortgage Rescue	18.0	0.000	0.410	0.166	0.000	0.576
AGMA Loans	25.0	0.000	0.000	1.869	0.250	2.119
TOTAL		1.140	0.410	2.035	0.250	3.835

Copies of Six Town Housing Ltd 2020/21 Statement of Accounts can be obtained from Six Town Housing Finance Department, 6, Knowsley Place, Angouleme Way, Bury BL9 0EL.

Bury MBC Townside Fields Ltd was formed to facilitate the development of Knowsley Place, and was incorporated on 14th October 2009. The company's share capital (Ordinary Share Capital £1) is wholly owned by Bury Council.

Bury MBC Townside Fields Limited made a profit after tax of £0.059m for the year ended 31 March 2021 compared to a loss of £0.039m for the period to 31 March 2020. As at 31 March 2021, Bury Council has £7.257m invested in Bury MBC Townside Fields Ltd.

Bury MBC Townside Fields Limited pre-audit accounts for the year ended 31 March 2021 have been used to prepare the group accounts. The company is audited by Horsfield and Smith Ltd.

The Persona group of companies comprise of Persona Group Ltd, and Persona Care and Support Ltd. These companies were formed to provide social care services to older people and people with disabilities. The company's share capital (Called up Share Capital £3) is wholly owned by Bury Council.

The Persona group of companies made a loss before tax of £0.045m for the year ended 31 March 2021, compared to a profit of £0.533m for the period to 31 March 2020. Bury Council paid management fees of £11.982m in 2020/21 (£11.320m in 2019/2020).

The Persona group of companies pre-audit accounts for the year ended 31 March 2021 have been used to prepare the group accounts. Both companies are audited by Horsfield and Smith Ltd.

3. Subsidiary Income and Expenditure

The operating expenditure and income of Six Town Housing has been included within "Non Service Specific". The operating expenditure and income of Bury MBC Townside Fields Limited has been included within "Corporate Core Services" whilst that of Persona Care & Support Limited has been included within "One Commissioning Organisation".

4. Amount to be met from Government Grant and Local Taxes

This is the same amount as that disclosed in the Comprehensive Income and Expenditure Statement of Bury Council.

5. Goodwill

No goodwill arose in respect of any subsidiaries.

6. Plant, Property and Equipment

Six Town Housing's Property, Plant & Equipment are included as tangible assets; they are valued at either historical cost or fair value determined by DRC, the same as the equivalent class for Bury Council assets. Bury MBC Townside Fields Limited's Property, Plant & Equipment are also valued at historic cost in line with Bury Council's policy. Persona Care & Support Ltd accounts show no Property, Plant & Equipment.

Sam Evans

Joint Chief Finance and S151 Officer

Xx xxxxx, 2021,

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Glossary of Terms

Accounting Principles

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

1. Recognising
2. Selecting measurement bases for, and
3. Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques. They define the process whereby transactions and other events are reflected in the financial statements.

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

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or 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.

Amortisation

A charge to the comprehensive income and expenditure statement which spreads the cost of an intangible asset over a number of years in line with the Council's accounting policies.

Appointed Auditors

The appointment of External Auditors to Local Authorities is undertaken by the Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. Mazars LLP are the Council's appointed auditor.

Asset

Items that are of worth and are measurable in terms of value. Current assets may change in value on a day to day basis, 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).

Associated Companies

An associate is an entity over which the Council has 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.

Balances

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

Better Care Fund (BCF)

The BCF was announced by Government in June 2013 spending round to ensure a transformation in health and social care.

Capital Adjustment Account

The capital adjustment account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost on non-current assets that have been consumed and the amount that have been financed in accordance with statutory requirements.

Capital Expenditure

This is expenditure on the acquisition of a non-current asset, or expenditure, which adds to, and not merely maintains, the value of an existing non-current asset.

Capital Financing Charges

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 Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions relating to the collection of Council Tax and Business Rates and its distribution to Local Government bodies.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, any have restriction 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.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, 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.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

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 refine the benefits independently of the contribution 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.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property, plant and equipment assets.

Depreciated Replacement Cost (DRC)

A method of valuation that provides a proxy for the market value of specialist assets.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

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 for 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.

Fair Value

Fair value 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.

Fees and Charges

Income arising from the provision of services e.g. the use of trade waste services.

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current 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 regulation usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

Greater Manchester Combined Authority (GMCA)

This organisation was created by the Local Government, Economic Development and Construction Act, the GMCA assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for transportation resources allocated to the Greater Manchester region and regional economic development functions. From 1 April 2018 it took over responsibilities for activities previously undertaken by the Greater Manchester Waste Disposal Authority, the Greater Manchester Fire and Rescue Service and the Greater Manchester Police and Crime Commissioner.

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 receiving little or no income 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. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants a rent allowance.

Impairment

A reduction in the value of assets 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.

Infrastructure Assets

Non-current assets which general cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licences and patents.

Interest cost (Pensions)

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.

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statement 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.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Product and service in intermediate stages of completion
- Finished goods

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.

Loss Allowance

The allowance for expected credit losses on financial assets, such as debtors.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about the Council.

Medium Term Financial Strategy (MTFS)

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, capital programme and HRA. In Bury it usually covers a five year timeframe.

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.

Ministry of Housing, Communities and Local Government (MHCLG)

MHCLG is a central government department with the overriding responsibility for determining the allocation of general resources to Local Councils.

National Non-Domestic Rates (NNDR) (also known as Business Rates)

This 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 national rate poundage each year which is applicable to all Local Councils.

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 depreciation.

Net Debt

Net debt is the council's borrowings less cash and liquid resources.

Outturn

Actual expenditure and income compared to the budget.

Pooled Aligned Budget

A pooled fund, arising from a Section 75 Agreement between Bury Council and Bury NHS CCG, but the partners' respective financial contributions to such a fund are held in their own bank accounts.

Pooled Budget

A pooled fund, arising from a Section 75 Agreement between Bury council and Bury NHS CCG, comprising financial contributions from both partners hosted by one of the partners in its bank account.

Pooled Fund

This can be either a Pooled Budget or a Pooled Aligned Budget.

Precept

The amount collected by the Council on behalf of other bodies. For 2019/20 the major precepts were payable in relation to the GM Mayor as Police and Crime Commissioner and the Mayoral General Precept (Including Fire Services).

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.

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 Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Councils.

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Member, and all senior officers. For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Liability (asset) companies:

- Actuarial gains and losses
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- Any change in the net 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 to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Contributions

The method of financing capital expenditure directly from revenue.

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 Comprehensive Income and Expenditure Statement.

Section 75 Agreement

An agreement made between a Local Authority and NHS body under the powers of the National Health Service Act 2006 which facilitates the pooling of resources to improve the delivery of health and social care. Locally the agreement is between Bury Council and Bury NHS CCG.

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 (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Trust Funds

These are funds administered by the council on behalf of charitable organisations and/or specific organisations.

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.

Annual Audit Letter

Bury Council

Year ending 31 March 2020





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

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

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

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

Area of responsibility	Summary
Audit of the financial statements	<p>Our auditor's report issued on 25 March 2021 included our opinion that the financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the Council and its Group's financial position as at 31 March 2020 and of its expenditure and income for the year then ended; and • have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20
Other information published alongside the audited financial statements	<p>Our auditor's report included our opinion that:</p> <ul style="list-style-type: none"> • the other information in the Statement of Accounts is consistent with the audited financial statements.
Value for money conclusion	<p>Our auditor's report concluded that we are satisfied, with the exception of the matter described below, that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020. This represents a 'Qualified conclusion – Except for'.</p> <p>Work has been underway to update and improve the overall governance and decision-making arrangements to support corporate planning, risk management, financial management, and performance management. However, these arrangements were not completely embedded during 2019/20. We consider this to present a weakness in the Council's proper arrangements for informed decision making.</p>
Reporting to the group auditor	<p>In line with group audit instructions, issued by the NAO on 4th November, we finalised our report to the group auditor in line with the requirements applicable to the Council's WGA return on 21 June 2021.</p>
Statutory reporting	<p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p>



2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

The scope of our audit and the results of our work

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

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

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

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

Our approach to materiality

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

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

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

Financial statement materiality	Our financial statement materiality is based on 2% of Gross Operating Expenditure.	£11.900m
Financial statement materiality (Group)	Our financial statement materiality is based on 2% of Gross Operating Expenditure.	£12.300m
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£0.357m
Trivial threshold (Group)	Our trivial threshold is based on 3% of financial statement materiality.	£0.369m
Specific materiality	We have applied a lower level of materiality to the following areas of the accounts: Senior Officer Remuneration.	£0.005m



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks

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

Identified significant risk	Our response	Our findings and conclusions
Management override of controls	How we addressed this risk	Audit Conclusion
In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> Accounting estimates impacting on amounts included in the financial statements; Consideration of identified significant transactions outside the normal course of business; and Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. 	We did not identify any significant matters arising from our testing of management override of controls.



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks

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

Identified significant risk	Our response	Our findings and conclusions
Valuation of Property, Plant, and Equipment	How we addressed this risk	Audit Conclusion
<p>The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date.</p> <p>The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a four year cycle with all retail properties and a significant proportion of investment properties revalued annually.</p> <p>The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations; Considered whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, and the CIPFA Code of Practice; Critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's calculations, using available third party evidence; Considering whether the valuation changes in 2019/20 are consistent with evidence of changes in industry published indices of changes in build costs; Assessed the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time; Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice; Critically assessed the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer; Engaged a consulting valuer to provide us with additional assurance that the valuations attributed to two specific assets are appropriate; and Tested a sample of items of capital expenditure in 2019/20 to confirm that the additions are appropriately valued in the financial statements. 	<p>We completed our testing in relation to this risk, and an emphasis of matter was included in our auditor's report relating to the material valuation uncertainty as a result of the Covid-19 pandemic.</p>



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks

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

Identified significant risk	Our response	Our findings and conclusions
Valuation of Defined Benefit Pension Liability	How we addressed this risk	Audit Conclusion
<p>The net pension liability represents a material element of the Council's balance sheet.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates.</p> <p>There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's actuary, Hymans Robertson; Liaised with the auditors of the Greater Manchester Pension Fund and obtained assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuations for the Council and the two subsidiary companies. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and Agreed the data in the IAS 19 valuation reports for the Council and the two subsidiary companies provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and the Group's financial statements. 	<p>We completed our testing in relation to this risk, and an emphasis of matter was included in our auditor's report relating to the material valuation uncertainty related to the property assets held by the pension fund as a result of the Covid-19 pandemic.</p> <p>There were no other matters arising from our work in relation to this risk.</p>



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to enhanced risks

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

Identified enhanced risk	Our response	Our findings and conclusions
Valuation of Airport Shareholding (Single Entity)	How we addressed this risk	Audit Conclusion
The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited (MAHL) at 31 March 2020. The valuation is determined under IFRS13 applying a consistent methodology to previous and applying key assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.	<p>Our approach to auditing the investment in Manchester Airport Holdings Limited included the involvement of the Mazars in-house valuation team.</p> <p>The Mazars in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.</p> <p>We reviewed the calculation of the valuation by the Council's external valuation expert in light of the update financial information available in July 2020 from the published MAHL financial statements for the year to 31 March 2020.</p>	We have completed our procedures and there are no matters arising against the valuation of the Council's investment in MAHL.
Accounting for Schools (Single Entity)	How we addressed this risk	Audit Conclusion
The Council continues to account for schools in its single entity financial statements. In addition the Council discloses that it includes in its financial statements the following categories of schools: Community, Voluntary Aided, Voluntary Controlled and Foundation.	We will consider the continued accounting treatment of the Council's schools and its compliance with the requirements of the CIPFA Code and other sector guidance.	We have completed our procedures and there are no matters arising against the treatment and accounting for schools in the Council's accounts.



3. VALUE FOR MONEY CONCLUSION

Value for money conclusion	Qualified – Except For
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Our audit approach

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

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

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

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

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	<p>During 2019/20, the Council has been developing and strengthening its overall decision making arrangements to comply with the principles and values of sound governance.</p> <p>The Council is committed to acting in the public interest, and is undertaking work to underpin the decision making process with necessary governance arrangements and appropriate, timely, and reliable financial information.</p>	No
Sustainable resource deployment	<p>The arrangements in place to manage this risk are appropriate and effective.</p> <p>The planned use of the financial resources of the Council support the strategic priorities and maintaining the statutory functions. Assets are managed and utilised in such a way to facilitate meeting these priorities and functions.</p> <p>The workforce is deployed in such a way as to make this possible.</p>	Yes
Working with partners and other third parties	<p>The arrangements in place to manage this risk are appropriate and effective.</p> <p>The Council has put in place management and oversight functions to ensure that the work carried out with third parties helps achieve strategic priorities. This includes the effective commissioning of services where required. The commissioning and procurement functions of the Council support the delivery of strategic priorities.</p>	Yes

Executive summary

Audit of the financial statements

Value for money conclusion

Other reporting responsibilities

Our fees

Forward look

3. VALUE FOR MONEY CONCLUSION

Risk	Work undertaken	Conclusion
<p>Financial Sustainability</p> <p>The Council has identified and set out the financial challenges it faces over the period 2019/20 to 2023/24.</p> <p>Though not unique to Bury, they do present a significant audit risk in respect of considering the arrangements that the council has in place to deliver financial sustainability over the medium term.</p>	<p>Findings</p> <p>The net revenue budget requirement for the Council for 2019/20 was set at £138.862m. The Council was able to deliver the programme to a net overspend on revenue of £5.003m, though it should be noted that the overspend was impacted in March 2020 by the agreement of additional contribution to the pooled fund and the application of £3.650m of reserves. Without the se items the council would have achieved an in-year revenue underspend against budget of £1.847m.</p> <p>The Council faces a significant challenge in ensuring its financial sustainability over the medium term. This challenge, which is exacerbated by the Covid-19 situation, has been developing over several years. In addition, the Council continues to face financial pressures arising from demand in some services, most notably Communities and Wellbeing which overspent in 2019/20 by £12.393m primarily relating to the pooled fund, and Children's services which saw an £2.226m overspend against budget in 2019/20.</p> <p>In setting the 2020/21 budget, the Council made a number of decisions including the planned the use of a further £12.4m of reserves and use of the dividend income from Manchester Airport to support services in the year. The budget also required the Council to deliver savings in areas including Children's services, in order to mitigate the growing demand led financial pressures.</p> <p>However, the financial position for 2020/21 became significantly more difficult because of the COVID-19 pandemic. The Council is continuing to refine its assessment of the impact of COVID-19 on 2020/21 and future years.</p> <p>It is apparent that there are also significant additional cost pressures, particularly in delivering Social Care and the local health economy, and significant levels of lost income. The lost income relates to fees and charges, income from the Council's investments including that in the Manchester Airport Group, and an impact on the Collection Fund for both council tax and business rate income. The Council has continued to respond to the government's request for increasingly detailed financial information in monthly returns and is therefore tracking its position closely.</p>	<p>The arrangements in place to manage this risk are appropriate and effective.</p>



3. VALUE FOR MONEY CONCLUSION

Risk	Work undertaken	Conclusion
Financial Sustainability	<p>The arrangements in place at the Council for budget setting and updating the Medium Term Financial Plan (MTFP), provide a clear financial framework for the Council. However, they are impacted by factors outside of the Council's direct control including the:</p> <ul style="list-style-type: none"> • delayed comprehensive spending / fair funding review; • impact of business rates reset; and • review of the business rates retention pilot. <p>In identifying these uncertainties, management have made a series of assumptions that can be updated as information becomes available.</p> <p>Officers have prepared and presented to members a financial impact analysis highlighting the likely funding gaps for each year in the period.</p> <p>Although the Council still has significant levels of earmarked reserves as at 31 March 2020, these will not be sufficient to sustain the Council's financial position over the medium term given the estimated impact of the pandemic. This means the Council needs to ensure that the strategic decisions it has taken about its services it wants to provide are implemented and the savings it has identified as necessary are delivered.</p> <p>The arrangements in place for monitoring the financial position will allow the Council to identify any emerging additional pressures or slippage in the delivery of these plans.</p>	See above



3. VALUE FOR MONEY CONCLUSION

Significant audit risks

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

Risk	Work undertaken	Conclusion
Informed Decision Making The Council has started to implement significant and ambitious plans for the reorganisation and transformation of the Council. The overall governance and decision-making arrangements need to be refreshed to support this.	Findings During 2019/20, the Council has been developing and strengthening its overall decision making arrangements to comply with the principles and values of sound governance. The Council is committed to acting in the public interest, and is undertaking work to underpin the decision making process with necessary governance arrangements and appropriate, timely, and reliable financial information. We are satisfied that the Council was able to update and improve governance arrangements to support corporate policy, risk management, financial management, and performance management. During 2019/20, the Council embedded changes within the Internal Audit function, updated the Constitution, including decision making and contract procedures, and made structural changes regarding management and directorate responsibilities. However, the plans were not as far along as initially expected. In early 2020 it was clear that though plans had not been fully delivered, progress was being seen and there were the green shoots of improvement from the changes in arrangements. There were steps forward in respect of social care, and progress was being made in the right direction, however, these were not as advanced as far as possible or expected. While the Council had stabilised some of the risks relating to financial sustainability as identified in previous pages, and though arrangements in 2019/20 were better and stronger following the changes made, there is still work to progress in 2020/21, notwithstanding the pandemic. It has been necessary, and continues to be necessary, for the Council to be able to identify and separate out what are Covid related pressures and what remain as underlying issues to be addressed.	We have concluded that the arrangements in place to manage this risk were not yet fully realised and have qualified our VFM conclusion on this basis.



3. VALUE FOR MONEY CONCLUSION

Significant audit risks

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

Risk	Work undertaken	Conclusion
Informed Decision Making	<p>There had been an ongoing issue relating to a persistent deficit on the Dedicated Schools Grant (DSG) and the Council is one of several who are involved in a 'safety valve' arrangement with Department of Education as part of an intervention to try and help the Council address this. We have seen that this is helping the Council and schools deliver for local children and the improvement in the working relationship. It will be important for necessary information to be available to assist officers and members make informed decisions about this project.</p> <p>While not fully realised in 2019/20, we can see that the Council is making significant progress in this area both in structural and operational terms. This work needs to continue in 2020/21 to enable the Council to make informed and effective decisions.</p>	See above



3. VALUE FOR MONEY CONCLUSION

Risk	Work undertaken	Conclusion
<p>Working with Partners and Third Parties</p> <p>The Council is working with Bury Clinical Commissioning Group (CCG) and other partners (such as local care providers), to help secure a sustainable health and social care economy.</p> <p>By putting in place arrangements for the Council, care organisations, and the CCG, to work more closely together, it is anticipated that developing new models of care for community health, primary care and social care services will have a significant impact.</p>	<p>Findings</p> <p>We have reviewed the arrangements in place for the Council to work with its partners to deliver the transformation and strategic development of the Borough's health and social care economy, how the governance arrangements have operated, and how the arrangements and risks have been monitored and managed.</p> <p>This has included review of detailed consideration and reporting by internal audit, as well as other sources of information, and direct meetings with senior officers with direct responsibility for the programmes.</p> <p>The Council has put in place a series of initiatives to provide greater insight, the increased need for key metrics to help identify early intervention measures, and ownership of the financial impact of operational decisions taken. Reports are submitted to the relevant meeting setting out the pertinent issues and decisions are appropriately recorded.</p> <p>There is evidence of appropriate and regular monitoring and reporting, including of financial due diligence around partner and scheme selection criteria.</p> <p>However, it should be noted that there remain significant financial challenges ahead for the Council and its partners, and uncertainty throughout the health sector which have been exacerbated by the Covid-19 pandemic.</p>	<p>The arrangements in place to manage this risk are appropriate and effective.</p>



4. OTHER REPORTING RESPONSIBILITIES

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

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

Matters on which we report by exception

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

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

We have not exercised any of these statutory reporting powers.

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

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

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We are finalising this return with the assistance of your officers and will report to you in due course.

Other information published alongside the financial statements

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



5. OUR FEES

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the audit committee in 2020. Having completed our work for the 2019/20 financial year, we can confirm that our final fees are as follows:

Area of work	2019/20 Proposed final fee	2018/19 final fee
	£	£
Scale fee	£89,882	
Additional fee for 2019/20:		
<u>Changes in scope:</u>		
PPE valuation	13,000	
Defined Benefit liability valuation	4,250	
 <u>Scope changes due to Covid 19:</u>		
Valuation uncertainty	1,500	
Going concern	1,500	
 <u>Scope changes due to other matters:</u>		
Pensions – legal issues	1,000	
 <u>Additional requirements:</u>		
Additional VFM work – governance risk	3,250	
Total Fee	114,322 (*)	115,342

* Final proposed fee to be confirmed with PSAA

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.



6. FORWARD LOOK

Changes to the Code of Audit Practice

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

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

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

The auditor's work on value for money arrangements

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

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

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

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

Reporting the results of the auditor's work

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

The guidance supporting the new Audit Code is being developed by the National Audit Office and we will provide you with any further updates to our approach arising from this guidance when it is released.



6. FORWARD LOOK

Redmond Review

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

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

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

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

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



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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.

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Audit Progress Report

Bury Metropolitan Borough Council

July 2021



1. Audit progress
2. National publications

Section 01: **Audit progress**

Audit progress

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent national reports and publications.

2019/20 audit

We completed our work to conclude the Council’s Whole of Government Accounts (WGA) return in line with the NAO’s group instructions on 21 June 2021. This concludes our audit for 2019/20.

2020/21 audit

MHCLG has again extended the reporting timetable for 2020/21. In line with this, the Council is required to publish draft accounts by 1 August 2021 rather than 31 May. The timetable for audit reporting has been extended from 31 July to 30 September. However, at this stage, we do not expect to be able to meet the 30 September timetable because of resourcing pressures.

We have undertaken our initial audit planning work during April 2021. There are no issues arising from this work that we need to bring to members attention.

At present, we expect to commence our audit of the Council’s draft financial statements at the end of September 2021 and to conclude our work in November 2021. If there is an opportunity to bring forward our work we will make every effort to do so.

Our work on the Council’s value-for-money arrangements remains in progress. As set out in section 2 of this report, the National Audit Office has updated its Auditor Guidance Note to take account of the impact of the Covid-19 pandemic. This extends the deadline for issuing our VFM commentary and Auditor’s Annual Report to no later than three months after issuing our audit opinion. We will continue our work on value for money arrangements throughout the audit and discuss the timing of reporting with management in due course.

Section 02:

National publications

National Publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	Consultation on stronger Prudential Code	CIPFA is consulting on the Prudential Code, including proposals to strengthen the requirements for commercial investments.
2.	Fraud and Corruption Tracker	CIPFA's latest information has been published.
3.	CIPFA Bulletin 06 – Application of the Good Governance Framework 2020/21	Provides updated guidance and takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21.
4.	CIPFA Bulletin 09: Closure of the 2020-21 Financial Statements, 30 April 2021	This bulletin provides guidance for local government bodies on a range of issues that may need to be considered as part of their 2020-21 accounts preparation.
Ministry of Housing, Communities and Local Government (MHCLG)		
5.	MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015	Consultation closed on the 1 st March 2021; the Accounts deadline was set as 31 July 2021 and Audit deadline of 30 September 2021.
6.	MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021	£15 million in additional funding is available in 2021/22 towards external audit fees. Consultation on amending the timescale for setting fee scales.
7.	MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021	A new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC, preferred system leader. Public Sector Audit Appointments (PSAA) role to continue into next national procurement.
National Audit Office (NAO)		
8.	Local government finance in the pandemic, March 2021	The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government.

National Publications

	Publication/update	Key points
National Audit Office (NAO)		
9.	Timeliness of local auditor reporting in England, 2020	The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms.
10.	Public service pensions	This report outlines how the public service pensions landscape has changed since the Hutton Review and highlights key challenges for the future.
11.	NAO Updated Guidance for Auditors, April 2021	Revised guidance for VFM arrangements work under the new Code of Audit Practice, including extended deadlines, and updated guidance on consideration of going concern in the public sector context.
12.	NAO Report – <i>Initial learning from the government’s response to the COVID-19 pandemic, May 2021</i>	Latest NAO report on learning from the government response to the pandemic.

1. CIPFA consults on a stronger Prudential Code, January 2021

CIPFA has launched a consultation on proposals to strengthen the Prudential Code, following growing concerns over local government commercial property investments. The Prudential Code is a professional code of practice that aims to ensure local authorities' financial plans are affordable, prudent and sustainable. To date, the provisions in the Code have not prevented a minority of councils from taking on disproportionate levels of commercial debt to generate yield. The proposed changes are intended to prevent future misinterpretations of the Code and strengthen the necessary regard to its provisions to protect local decision making and innovation. The consultation will be open for 10 weeks and responses must be submitted by 12 April 2021.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-consults-on-stronger-local-government-prudential-code>

2. Fraud and corruption Tracker, February 2021

The latest CIPFA Fraud and Corruption Tracker (CFaCT), which includes local government data between 1 April 2019 and 31 March 2020, provides a baseline illustration about the prevalence of grant fraud in the public sector, just before unprecedented levels of COVID-19 grant funding for councils were released by the government in March of last year. The report follows previous warnings from the National Crime Agency and other law enforcement bodies of an increase in cases related to suspected COVID-19 grant fraud. Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.

The report also shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20. This year, 32% of respondents also stated their organisation had been a victim of a Distributed Denial-of-Service (DDOS)/hacking attack in the last 12 months, a 5% increase from the previous year. Survey respondents also expressed concern about councils' inability to tackle usual areas of fraud due to resource being re-directed into the processing and review of COVID-19 business grants.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/grant-fraud-represented-less-than-of-uk-public-sector-fraud-pre-pandemic>

3. CIPFA Bulletin 06, Application of the Good Governance Framework 2020/21, February 2021

This bulletin covers the impact of the continuing COVID-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-06-application-of-the-good-governance-framework-202021>

4. CIPFA Bulletin 09: Closure of the 2020-21 Financial Statements, 30 April 2021

Auditors will wish to be aware that CIPFA have published Bulletin 09: Closure of the 2020-21 Financial Statements. This bulletin provides guidance for local government bodies on a range of issues that may need to be considered as part of their 2020-21 accounts preparation.

Hot topics include accounting for grant funding in the pandemic, accounting for dedicated schools grant deficits and accounting for collection fund surpluses and deficits in 2020/21.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-09-closure-of-the-202021-financial-statements>

5. MHCLG's Consultation on amendments to the Accounts and Audit Regulations 2015, February 2021

MCHLG has consulted on its proposed changes to the accounts publication deadline for 2020/21 and 2021/22.

The draft regulations includes provisions, at regulation 2 to change the publication deadline for principal authorities from 31 July to 30 September as proposed in recommendation 10 by the Redmond review, but for 2 years - 2020/21 and 2021/22. The intention is for the amended deadline to be reviewed after that period when it will be clearer as to whether the audit completion rate has improved.

The draft regulations also enable principal bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. This will allow authorities and audit firms more flexibility to schedule their audits in line with the later publication deadline but, importantly, will not prevent them from being signed off earlier. This mirrors the approach taken in the Accounts and Audit (Amendment) (Coronavirus) Regulations 2020.

MCHLG's consultation closed on 1 March 2021.

6. MHCLG - Methodology for allocating £15 million to local bodies and review of Appointing Person regulations, 20 April 2021

The Ministry of Housing, Communities & Local Government (MHCLG) announced as part of its response to the Redmond Review, that it would provide £15 million in additional funding in 2021/22 towards external audit fees and the development of the proposed new standardised statement of service information and costs. The department has now launched a short, four-week consultation, seeking views on the on the methodology for allocating these funds to local bodies.

<https://www.gov.uk/government/consultations/consultation-on-allocation-of-15-million-to-local-bodies-for-audit/redmond-review-response-changes-to-the-audit-fees-methodology-for-allocating-15-million-to-local-bodies>

Running alongside this, the department has also launched a separate six-week consultation on the implementation of changes to the fee setting process for principal bodies set out in the Local Audit (Appointing Person) Regulations 2015. The consultation primarily seeks views on amending the timescale for setting fee scales, enabling the appointing person to consult on and approve a standardised additional fee, and for such payments to be made in year rather than at the completion of the audit.

<https://www.gov.uk/government/consultations/amendments-to-local-audit-fee-setting-arrangements>

7. MHCLG - Local authority financial reporting and external audit: Spring update, 19 May 2021

In December 2020, MHCLG delivered its response to the Redmond Review. This report details the actions already taken to implement the Redmond Review recommendations, and also sets out the government’s thinking on the recommendations relating to systems leadership.

In March 2021 the government published a White Paper setting out its plans to reform corporate audit, reporting and governance. The White Paper set out details of how the government proposes to establish a new regulator, the Audit, Reporting and Governance Authority (ARGA), to replace the FRC. It also set out government plans to create a new audit profession that is distinct from the accountancy profession, and to encourage competition in the market for audit of large listed companies. We have looked at options for local audit in the context of these wider reforms.

In this context, it is our view that ARGA, the new regulator being established to replace the FRC, would be best placed to take on the local audit system leader role.

The Department welcomes the changes made in the latest Code of Audit Practice in relation to VFM reporting. Until recently, the Code required auditors to give a binary opinion on whether the proper arrangements were in place. However, this was revised in the recent update to the Code, which now requires auditors to provide a narrative statement on the arrangements in place. The department welcomes this change, as it is our view that the binary value for money judgement required under the previous Code did not provide sufficient information for taxpayers or local bodies, particularly in a context where the complexity and commercialisation of local authority finances has increased. The new value for money requirements in the updated Code including a new commentary on governance, arrangements for achieving financial sustainability, and improving economy, efficiency and effectiveness - should help to address this.

MHCLG has confirmed that PSAA is the organisation best placed to act as the appointing body, including overseeing the next procurement of audit contracts. There is a balance to be struck between cost and quality. Historically, there were concerns that fees were too high and it was right that real savings were delivered for the taxpayer following the abolition of the Audit Commission. However, the context has changed since 2014, including the structure of the market, plus new obligations and the complexity of the work. It is striking that local audit scale fees reduced by 40% between 2014/15 and 2018/19, while central government and FTSE100 fees have increased by 20%. We have been working closely with PSAA in recent months to develop our plans for allowing greater flexibility to reflect additional costs in audit fees, and are allocating £15m to local bodies to help with this and the additional requirements associated with implementing Redmond’s recommendations.

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-spring-update/local-authority-financial-reporting-and-external-audit-spring-update>

8. Local government finance in the pandemic, March 2021

The NAO published its report *Local government finance in the pandemic* in March 2021. Local authorities in England have made a major contribution to the national response to the pandemic. This has in turn placed significant pressure on finances, which in many cases were already under strain. The report examines if MHCLG's approach to local government finance in the COVID-19 pandemic enabled the Department to assess and fund the costs of the new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector. The report focuses on:

- the financial health of the sector before the pandemic and the financial impact of the pandemic in 2020/21;
- action taken by the government to support the sector in 2020/21, including its effectiveness; and
- action taken by government to support the sector's financial sustainability in 2021/22.

The report found that the Department's successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector averted system-wide financial failure at a very challenging time and means that the Department managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020/21 year-end budgets. Despite continuing support into 2021/22, the outlook for next year is uncertain. Many authorities are setting budgets for 2021/22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.

<https://www.nao.org.uk/report/local-government-finance-in-the-pandemic/>

9. NAO Report – Timeliness of local auditor reporting in England, 2020

On 16 March, the NAO published its report Timeliness of local auditor reporting on local government in England, 2020. Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit in England, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors. This report sets out the:

- roles and responsibilities of local auditors and national bodies to the local audit framework in England; and
- facts relating to the decline in the timeliness of delivering audit opinions on local government in England and the main factors contributing to that decline in timeliness.

The report is based on published data, the views of local authority finance directors, key stakeholders in the audit landscape, and audit firms. The report also considers the impact on central government. Given the increasing financial challenge and service pressures on local authorities since 2010, local councils need strong arrangements to manage finances and secure value for money.

The report concludes that the position for 2019/20, with 55% of local authorities failing to publish audited accounts by 30 November, is concerning, given the important part that external audit plays in assurance over taxpayers' money both centrally and locally.

Since the NAO reported on local authority governance and audit in 2019, and despite efforts by the various organisations involved in the local audit system and by the Ministry of Housing, Communities and Local Government, the report concludes that the situation has worsened. The increase in late audit opinions, concerns about audit quality and doubts over audit firms' willingness to continue to audit local authorities all highlight that the situation needs urgent attention, which will require co-operation and collaboration by all bodies involved in the local audit system, together with clear leadership from government.

<https://www.nao.org.uk/report/timeliness-of-local-auditor-reporting-on-local-government-in-england-2020/?slide=1>

10. NAO Report – public service pensions, March 2021

As an employer, the government provides public service employees with access to occupational pension schemes. As at 31 March 2020, there were more than 8 million members of four of the largest public service pension schemes (the armed forces, civil service, NHS and teachers' pension schemes), of which 2.8 million were retired and receiving pension benefits and 5.2 million were either current or former employees. Around 25% of pensioners and 16% of the working-age population are members of a public service pension scheme.

In general, public service pensions have become more expensive over time as the number of people receiving them has increased, owing to more members entering retirement and living longer. This trend applies across public and private pensions and is consistent with international experience. In 2010 the government established the Independent Public Service Pensions Commission, chaired by Lord Hutton (the Hutton Review) to undertake a fundamental structural review of public service pensions. Following the Hutton Review final report in March 2011, and a period of negotiations with trade unions representing public service employees, the government introduced reforms intended to manage the future costs of providing pensions.

Public service pensions are a notable benefit to public servants. HM Treasury focuses on the affordability of these pensions and who pays for them. The total costs of providing pensions have been increasing over time, reflecting increasing numbers of pensioners. The government's pension reforms over recent years have contained the rise in future taxpayer costs by making pensions less generous and by increasing contributions from employees. However, taxpayer funding has increased and it will take decades for the full effects of the 2011/2015 reforms to be seen in the government's affordability measure. The balance of taxpayer funding has shifted from central payments by HM Treasury to employer contributions by departments and organisations to ensure that employers bear the consequences of their employment decisions.

However, HM Treasury needs to monitor more than just affordability. Government's approach to protecting those nearest retirement has been ruled unlawful and will cost time and money to resolve. The government's reforms also take no account of pensions as a recruitment and retention tool, with pensions continuing to be relatively inflexible; the only real choice for most employees is to stay in the scheme or opt out altogether.

<https://www.nao.org.uk/report/public-service-pensions/>

11. NAO Updated Guidance for Auditors, April 2021

In April 2021, the Comptroller and Auditor General (C&AG) approved and published updated auditor guidance:

Auditor Guidance Note 03 (AGN 03) - Auditors' Work on Value for Money Arrangements. This has been updated to enable auditors to give their opinion on the financial statements if they have not yet completed all their VFM arrangements work (where there is no material impact on the opinion), including the approach to reporting any further issues if necessary by exception when auditors issue their certificate. The AGN also introduced revised deadlines for the Auditor's Annual Report, which includes the new commentary on VFM arrangements, of up to 3 months after issuing the audit opinion.

Auditor Guidance Note 07 (AGN 07) – Auditor Reporting. This was updated to bring it into line with AGN 03 as above.

Supplementary Guidance Note 01 (SGN 01) - Going Concern – Auditors' responsibilities for local public bodies. The SGN focus is primarily on *Practice Note (PN) 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2020)*, setting an expectation that auditors will follow the approach it sets out. This recognises that going concern in the public sector context includes the concept of the 'continued provision of services' and the legislative basis for public services, which means that the circumstances that will give rise to a material uncertainty in going concern are relatively limited and rare, and would normally require legislative changes. This view is also reflected in the CIPFA Code, which recognises that the financial statements are prepared on a going concern basis.

The NAO guidance does, however, highlight the wider issue of financial sustainability and funding for public services. Management will still need to undertake a going concern assessment, and disclose an appropriate narrative within its financial statements in relation to the impact of the pandemic and pressures on funding, and disclose any potential material uncertainties should they exist.

All of the NAO auditor guidance is publicly available at this link: <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

12. NAO Report – *Initial learning from the government's response to the COVID-19 pandemic, May 2021*

The NAO has recently published its *Initial learning from the government's response to the COVID-19 pandemic* report, which is part of a programme of work the NAO is undertaking to support Parliament in its scrutiny of government's response to COVID-19. The report finds that the COVID-19 pandemic has stress-tested the government's ability to deal with unforeseen events and potential shocks. Government has often acted at unprecedented speed to respond to a virus which has caused dramatic disruption to people's lives, public service provision and society as a whole. Government had to continue to deliver essential public services, while reprioritising resources to deliver its response to the COVID-19 pandemic and supporting staff to work from home. In its response, government has had to streamline decision-making, work across departments and public bodies and use a range of delivery structures.

Departments will need to reflect on the lessons learned to ensure that they capitalise on the benefits and opportunities these new ways of working have brought.

This report draws out learning from the reports that we have published to date, as well as other work we have published that covered the COVID-19 pandemic. It sets out this learning across six themes:

- risk management;
- transparency and public trust;
- data and evidence;
- coordination and delivery models;
- supporting and protecting people; and
- financial and workforce pressures.

The NAO will continue to draw out learning from the government's response to the pandemic from our future work.

The full report is available from the NAO website. <https://www.nao.org.uk/wp-content/uploads/2021/05/Initial-learning-from-the-governments-response-to-the-COVID-19-pandemic.pdf>

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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.

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REPORT FOR DECISION

DECISION OF:	Audit Committee
DATE:	21 July 2021
SUBJECT:	Draft Annual Governance Statement
REPORT FROM:	Sam Evans
CONTACT OFFICER:	Sam Evans
TYPE OF DECISION:	NON KEY DECISION
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	<p>The Council as part of its Statement of Annual Accounts produces an Annual Governance Statement (AGS). The draft Annual Governance Statement has been completed and sets out key information in the Council's assessment of its internal governance arrangements. The AGS also sets out key areas of governance concerns and actions that will be undertaken to address these.</p> <p>The draft AGS is presented for an initial review by the Audit Committee and a final document will be presented to Committee in September for recommendation for approval at Full Council later in the year.</p>
OPTIONS & RECOMMENDED OPTION	<p>The Audit Committee is asked to</p> <ul style="list-style-type: none"> • Note the draft AGS and provide initial comments • Note that the AGS will be available on the Council's website from the end of July and available for public inspection; • Note that a final AGS will be presented to Committee in September for approval and for recommendation to Full Council.

IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes No
Statement by the S151 Officer: Financial Implications and Risk Considerations:	The AGS is a statutory requirement and provides an assessment of the effectiveness of the council's internal control framework. The AGS supports the governance responsibilities that are part of the role of the S151 officer.
Equality/Diversity implications:	No direct implications
Considered by Monitoring Officer:	Yes Comments
Wards Affected:	All
Scrutiny Interest:	None

TRACKING/PROCESS**DIRECTOR:**

Joint Executive Team/CCMT	Cabinet Member/Chair Briefed	Ward Members (if necessary)	Partners
Scrutiny Committee	Other Committee	Council	Comms

1.0 BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require the Authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS). As a consequence of the COVID-19 pandemic, the April 2020 amendment to the Accounts and Audit Regulations altered the statutory timetable for the production and publication of the AGS alongside the Financial Statements.
- 1.2 The AGS is produced in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016). The AGS should be an open and honest self-assessment of the organisation's performance across all of its activities and against these principles.
- 1.3 In producing the AGS, we have also followed CIPFA guidance issued in April 2020 to include relevant areas of governance impact arising from the COVID19 pandemic. These are captured throughout the document.
- 1.4 A new style document has also been produced by the Council as part of a commitment to refresh existing practices and processes.

2.0 ISSUES

- 2.1 Over the last year the Council has strengthened its governance framework significantly and developed a much clearer framework for decision making and use of resources. The progress made is set out in the document. Further information how the Council plans to continue to improve governance is set out in an action plan appended to the AGS.

3.0 CONCLUSION

- 3.1 The Council has produced a draft AGS in line with statutory requirements and is presented to the Audit Committee for initial consideration and for the draft to be shared for audit and inspection purposes at the end of July, with opportunities to update the draft. The final AGS will be presented to the Audit Committee and then onto Full Council for approval later in the year once the external audit of the statutory accounts is completed.

List of Background Papers:-

Contact Details:-

Sam Evans – Executive Director of Finance

Annual Governance Statement 2020/21**Scope of Responsibility**

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging the overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

Bury Council acknowledges its responsibility for ensuring there is a sound system of governance. The Council has adopted a Code of Corporate Governance, which is consistent with the seven principles of the CIPFA / SOLACE Framework "Delivering Good Governance in Local Government".

This statement reports on the Council's governance framework that has been in place during 2020/21 and explains how it has complied with its own code of corporate governance, including how the effectiveness of arrangements has been monitored. This meets the requirements of regulation 6 (1) of the Accounts and Audit (England and Wales) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

In addition to this, the annual governance statement sets out how the Council has complied with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations (England and Wales) 2015. The Coronavirus amendment revised the deadlines applicable for Local Authorities as follows:

- Approval of draft accounts 31 July (previously 31 May)
- Public inspection Period to start on or before first working day of August 2021 (previously included first 10 working days of June)
- Publish Final Audited Accounts 30 November (previously 31 July)

The Council's financial management arrangements are consistent with a number of the governance requirements of the CIPFA statement on the role of the Chief Finance Officer in Local Government (2016). The Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others. The Joint Chief Finance Officer (and designated Section 151 Officer) is a joint appointment across both the Council and the CCG. They are a member of, and

attend, the meetings of the Joint Executive Team which integrates the Executive Teams for the Council and the Clinical Commissioning Group. All statutory officers have access to the Chief Executive. The Council considers that its management arrangements are appropriate in the context of compliance with the CIPFA Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor its achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The governance framework is designed to manage risk to a reasonable level. The associated processes 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 Council's governance framework

Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. As set out in its Code of Corporate Governance, the Council aims to achieve good standards of governance by:

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

The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement it has been confirmed that the documents and arrangements referenced remain current. It is however recognised that a refresh of the documents and the Constitution would be beneficial going forward. Key elements of the governance framework are as follows:

Organisational Priorities

The Council has undergone significant organisational change during the year as it brings together two separate organisations to deliver joined up and integrated delivery models that support joint commissioning and outcomes. The Bury Council and Bury CCG Corporate Plan 2020-22 sets out delivery priorities and performance measures that will guide the work of the partnership. This plan describes how the Council and CCG will deliver its contribution to the Let's do it! ten-year strategy for the Borough of Bury, which seeks to guide recovery from the local impact of the Covid-19 pandemic and set the strategic direction for longer term growth and prosperity.

Progress achieved during the year against the objectives within the Corporate Plan is set out in the following table:

Covid-19 Response and Recovery	<p>The partnership's response to the pandemic has focussed on protecting the health and care system and most vulnerable in our communities through a comprehensive response and recovery strategy as follows:</p> <ul style="list-style-type: none"> • Containing COVID by managing Infection prevention control including outbreak management, restrictions, including enforcement, ensuring clear tiers of intervention, enabling test and trace arrangements, supporting self-isolation, mortality planning and preparing plans for the vaccination programme. We have established 4 vaccine centres in addition to administering first dose vaccines to all care homes in the Borough, and over 41,000 registered patients • Supporting our Health and Social Care System through Planned, Urgent & Community based Health & Care, providing support for children in need of help and protection, addressing Population Health including mental health and Strategic Finance • Mitigating the impacts by supporting children and families deemed vulnerable to reduce the risks of widening inequalities, enabling schools, early years providers and FE colleges to mitigate the detrimental impacts of Covid-19 on learning, establishing the Neighbourhood Model of integrated, early help, including community safety and cohesion and Business and town centres including local jobs. • Supporting Our Communities through clear and consistent communications and engagement and providing humanitarian aid through a network of volunteers, supporting the lonely, those facing hardship and OVER 13500 Clinically Extremely Vulnerable residents through our Community Hubs. • A Covid Recovery Strategy which responds to issues such as poverty and the health impacts of Covid-19 on our communities and the health system
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Inclusion	<p>In 2020 the Partnership commissioned an independent equalities review and, as a result, agreed a fundamental new Inclusion Strategy which aims to</p> <ul style="list-style-type: none"> • establish inclusion at the core of our values; • embed high quality practice in equalities and inclusion within all our practice as employers; and • demonstrate leadership across the wider community network which inspires others to do the same. <p>Progress towards delivery of the Inclusion Strategy this year has included:</p> <ul style="list-style-type: none"> • establishment of an Inclusion Working Group comprised of the Council, CCG and other Team Bury partners and including staff, political and clinical leaders • development of an integrated Equality Assessment tool and training all managers on its use • inclusion training for all Council Members and membership of the Strategic Commissioning Board • developing a task and finish staff group tasked with developing a plan to meet the commitment for a high impact focus on race inclusion during 2021/22 • establishment of and appointment to a leadership role – Director of People and Inclusion • development of a detailed delivery plan going forward
Community leadership – Let's do it!	<p>This year, the partnership has been a key architect in the development of the Bury <i>Let's do it! vision for 2030</i>. The strategy defines an ambition for the Borough to achieve faster economic growth than the national average, whilst at the same time lower than average levels of deprivation. It sets out the priorities for the coming two years to guide the work of partners in achieving this vision together with a set of outcome measures which will be tracked. A comprehensive performance data baseline was provided to Members in Q1 2020/21</p> <p>The Council and CCGs mission is to make a direct and robust contribution to <i>Let's do it!</i> by aligning all our services, resources and culture to the vision. This year, we have made significant progress towards:</p> <ul style="list-style-type: none"> • an economic recovery strategy including the statutory development plan and regeneration plans in our townships including agreeing the Strategic Regeneration Framework for Radcliffe • Agreement of a carbon neutrality strategy and progress in decarbonising public buildings • Establishing the neighbourhood model including developing our integrated neighbourhood teams in health and care and children's early help and refreshing the funding and performance framework of the Voluntary Community and Faith Alliance (VCFA) to orientate towards prevention and a personalised "whole person" approach to building on individual and

	<p>community strengths and assets</p> <ul style="list-style-type: none"> • Delivering on key priority areas for health and care transformation: urgent care, planned care, community-based services, mental health and well-being and learning disabilities and a greater emphasis on prevention • Educational improvement including delivery of the new high school in Radcliffe and Special School in the borough. • The Locality plan for health and care is currently being updated to chart the progress made since 2017 and reflect the changing delivery context including the increasing health and economic inequalities due to Covid and the national NHS changes which will impact on place-based arrangements. The emerging plan defines the following objectives for the next three years: <ul style="list-style-type: none"> ○ We will seek to influence the factors that improve population health and wellbeing and reduce health inequalities ○ We will support residents to be well, independent, and connected to their communities and to be in control of the circumstances of their lives ○ We will support residents to be in control of their health and well being ○ We will support people to take charge of their health and care and to live well at home, as independently as possible ○ We will support children to 'start well' and to arrive at school ready to learn and achieve ○ We will ensure residents have access to integrated out of hospital services that promote independence, prevention of poor health, and early intervention ○ We will secure timely access to hospital services where required ○ We will work to reduce dependence of people on institutional care – hospitals and care homes. ○ We will work to ensure high quality responsive services where people describe a good experience of their treatment
Internal Transformation	<p>This year the foundational work was completed for a fundamental internal transformation programme, including;</p> <ul style="list-style-type: none"> • a governance refresh, including: <ul style="list-style-type: none"> ○ the agreement of a new constitution for the council which seeks to simplify and clarify decision making processes ○ updated corporate procurement regulations ○ a refresh of the council's risk register and ○ an improvement plan for information governance and major focus on staff training compliance

	<ul style="list-style-type: none"> • development of a Medium-Term Financial strategy, including capital and revenue budgets; detailed budget and savings plans for departments; the Housing Revenue account and a strategy to stabilise the Dedicated Schools Grant; The Council was fortunate to secure funding under the Government safety valve project which will see the Dedicated schools grant reserve return to financial surplus by 2024/25 year end and • investment in and stabilisation of the Council's digital platform <p>In July 2021 the Cabinet will be presented with a comprehensive strategy for internal transformation over the next two years through three co-ordinated programmes of work across estate; customer interface and internal improvement. The strategy is forecast to achieve savings of over £6m by 2025 and is a central part of plans to achieve a balanced budget as well as driving culture and outcomes improvements.</p>
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Key Elements of the Governance Framework

The key elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE framework – Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest.

There is a register of Members Interests, in with Members' disclosable pecuniary interests, personal interests and prejudicial interests are registered A copy of Members interests are available on the Council website .Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure.

The Council has a code of conduct for elected and co -opted Members as required by the Localism Act 2011. Allegations that the code has been breached are heard by the Standards Subcommittee. The operation of the code of code is currently being reviewed in light of LGA model guide revisions. (constitution Part 5 – section 1 Councillor Code of Conduct). The standards committee consider allegations of inappropriate behaviour

In order to enable third party challenge to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner. This provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the council, and explains how these will be investigated (Constitution Part 5 – section 4 – Anti Fraud Nand corruption – whistleblowing).

The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. Emergency decision making powers were introduced in response to the COVID-19 crisis.

Staff behaviour is covered by the Employees Code of Conduct, (constitution Part 4 section 2) which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service.

The Council's Director of Law and Governance undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way ensuring that laws and regulations are complied with.

The Council has measures to assess breaches of its legal and regulatory powers. The Council's monitoring officer has statutory reporting duties in respect of unlawful decision making and maladministration.

The Executive Director of Finance has statutory reporting duties in respect of unlawful and financially imprudent decision making,

The Council ensures it complies with CIPFA's statement on the role of the Chief Finance Officer in Local Government (2016)

The Council led by the development of the *Let's do it!* Strategy for the whole borough. *Let's* is an acronym for a framework of core operating principles which is intended to drive a common mindset across all partners in Bury to:

- Operate **Locally** through a neighbourhood model which means truly understanding and engaging with local communities
- Drive **enterprise**
- Work **Together** with inclusion at our core and
- Take a **strengths**-based approach

A framework of [organisation development](#) has been specified within the council to refresh internal values against the *Lets* framework and ensure all managers and staff have the skills and mindset to embed this approach. Investment has been made in a new post of Director People & Inclusion to lead this work and the Corporate Plan specifies the milestones of work during the 2021/22 financial year

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage. During this year the Council also lead the work to begin to scope a social value model across the Team Bury partnership which maximises the local supply chain and seeks to secure a contribution towards borough-wide outcomes from all our commissioned providers

Bury Council declared a climate Emergency - Proposals to make the declaration were waved through together with an "aspiration" for Bury to be carbon neutral by 2030, following a commitment earlier in the year to become single-use plastic free by 2022

In the 2021 budget setting process the Council also committed to becoming a Living Wage employer which means payment of all staff and suppliers at Living Wage values and accreditation by the Foundation. The development of a detailed strategy for compliance is underway.

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Council has led the development of a ten-year vision for the borough which engages partners across the Borough in delivery – Team Bury. The Strategy defines the vision; outcome measures and delivery plan to achieve a challenging vision for the borough – to achieve: **faster economic growth than the national average, with lower than national average levels of deprivation.** To direct the council's contribution to this strategy a Corporate Plan has been produced and quarterly monitoring reports are produced for the council's Cabinet.

All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means the public are excluded), with agenda and reports being produced on the Council's website. During the pandemic the council has live streamed a range of meetings including Council, Cabinet and scrutiny, as well as providing on line access to recordings of other meetings.

The council publishes a forward plan, notices of key decisions to notify the public of the most significant decisions it is due to take, this is available on line.

Cabinet and the Overview and Scrutiny committees are provided with quarterly updates on delivery of the Corporate Plan Including progress against delivery plans as well as Key Performance Indicators across each department . Scrutiny of the use of resources and risk management is provided by the Audit Committee. The Council currently has 2 Overview and Scrutiny Committees – Health Scrutiny Committee and the Overview and Scrutiny Committee. In addition to this, there is a Joint Health Scrutiny Committee for Pennine Acute NHS Trust. The Overview and Scrutiny Committee work programme reflects the corporate business planning cycle and provides an opportunity to triangulate oversight of the council's use of resources through a remit which includes:

- budget monitoring;
- delivery of strategy and priorities within the Corporate Plan and
- performance outcomes, for which a committee sub group is now being planned.

The Council leads wider stakeholder and community involvement in the Borough strategy through:

- the network of Community Hubs in each neighbourhood which are designed to co-ordinate engagement across Ward Councillors; local residents themselves and the wider voluntary and community sector
- the Team Bury Leadership Group, chaired by the Leader of the Council, which engages Chairs/Non Executive leaders of key Bury partnership organisations in long term strategy, ideas and innovations
- the Team Bury network of the Bury system at Chief Executive level, chaired by the Deputy Chief Executive, which aims to represent wider partners in delivery of the strategy and the work of the Council.

- engagement of health and care system leaders through the Health and Wellbeing Board which was refreshed this year with a clear remit around tackling health inequalities, as well as playing a key leadership role in health network including the System Board; GP networks and Strategic Commissioning Board, and the System Strategic Finance Group

The Bury Business Leaders group also meets on a regular basis to influence and shape the economic strategy and business engagement within the Borough. The network has met weekly during the COVID-19 crisis and has been invaluable in supporting the work to target and despatch business grants and local economic support. To further extend business engagement a series of new Town Centre Recovery Boards have also been established, to input to the recovery strategy and direct local economic support and interventions.

In addition to the above, the Council is a constituent District of the Greater Manchester Combined Authority (GMCA) which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA.

In order to demonstrate its openness, the Authority also publishes its:

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Information on payments over £500

There is regular contact with the other nine constituent Districts through the meetings of the GMCA. Lead Members and Officers feedback issues to the constituent Districts on pertinent matters. Separately the Statutory Regulatory Officers for Finance and Legal Services of each of the districts meet regularly to consider matters of common interest and agree a common approach on shared issues including companies where the Authorities are key shareholders.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepare appropriate press releases to support activities undertaken by the Council and keep residents informed. The Council's website has been updated throughout the year and was further updated as the COVID-19 crisis impacted. A refresh of the Communications and Engagement strategy is currently underway.

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

The Let's do it! Strategy and associated Corporate Plan sets out the immediate and long-term vision for Bury and the work of the Council and CCG. This planning framework seeks to drive and continually measure progress against seven overarching outcomes for the Borough, which are

1. Improved quality of life
2. Improved early years development
3. Improved educational attainment
4. Increased adult skill levels and employability
5. Inclusive economic growth
6. Carbon neutrality by 2038

7. Improved digital connectivity

The 2020/21 budget delivered within the agreed resource allocation supported this strategy.

Full Council agreed the budget for 2020/21 on 26 February 2020. This included all budgets – Revenue, Capital, Dedicated Schools Grant and the Housing Revenue Account. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% increase for the Adult Social Care Precept to be implemented for one year only and a 2% general Council Tax increase for each year in the planning period.

2019/20 was the last year of the budget cycle and a new 5 year medium term financial strategy has been developed from 2020/21 onwards. In developing and balancing the budget, the Council identified options for efficiencies and also agreed for the use of one of reserves in order to achieve a balanced position. The Council also agreed investment through the capital programme and capital strategy.

The Council aligned a significant part of its budget into the pooled fund with the CCG. In 2019/20 in recognition of the fact that additional funding could be accessed for the whole care system in Bury, the Council made an additional contribution of £10.5m to the pooled fund. This was fully compensated for in 2020/21 when a lower contribution of the same value was made. The pooling arrangement has provided a significant opportunity to align commissioning outcomes and intentions of the both the Council and the CCG and to utilise funding to provide an integrated and co-ordinated approach to commissioning and delivery of services.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The organisational structure is fully integrated with the CCG. All key statutory posts have been filled substantively this year and continuity of service and leadership for all services was maintained.

The Constitution defines and documents the roles and responsibilities of Officers and Members and delegation arrangements, protocols for decision making and codes of conduct for Members and staff. A full refresh of the Constitution was completed during 2020/21 to update and, where possible, streamline the Constitution. Delegation of decision making to officers is detailed in the constitution, so that they can deal with the day to day running of the service. Details of what decisions are taken in this way is set out in the Council's constitution. The underpinning Scheme of Delegation is now subject to appropriate updates. Further specific delegations may be granted, through recommendations in public reports to Committees.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny which has been enhanced by the virtual meetings now taking place. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System.

The Standards Committee reviews Members' conduct following the receipt of complaints about official conduct on Council business by commissioning

independent investigations. Where appropriate matters are reported and considered by full Council.

Cabinet portfolios are assigned on a functional basis rather than by directorate and subject to appropriate officer support. Officers meet with portfolio holders on a regular basis to discuss new and emerging issues and a Policy Advisory Group comprised of the Council's Cabinet and Executive Team provides an informal forum for the development of policy proposals and relationships. Officers also meet with opposition leaders and both main opposition parties submitted alternative budget proposals for the 2020/21 and 2021/22 budgets. Opposition leaders were supported by officers in developing their options and confidentiality was maintained throughout the process.

The Executive Director of Finance for the Council and NHS Bury CCG is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. The Joint Chief Finance Officer was appointed on 1 June 2019 and replaced the former Executive Director of Resources and Regulation as the Council's S151 Officer.

The Head of Legal Services was the Council's Monitoring Officer during much of 2020/21 but this post is now filled substantively. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility.

The medium term financial strategy that has been developed from 2020/21 onwards reflects the long-term view of the resources available to the Authority in the context of the best estimate of Government grants supported by the revenue it can generate itself.

Funding however remains a considerable risk for the future due to the continuance of one year funding settlements. The Council has worked with the resources available and has adopted a set of planning assumptions to inform resource forecasting for future years. There however remains great uncertainty and the planned 3 year CSR that was expected in early 2020/21 didn't happen and instead a further 1 year settlement was given. This means that the Council is likely to be planning for the longer term but with short term funding announcements. Scenario planning and updates to the medium term financial strategy will be presented at key points throughout the year to ensure the Council has a robust plan for delivering a budget for future years and is aware of the risks and uncertainties that exist.

All Directors prepare a service plan which demonstrates how they will deliver their responsibilities within the Corporate Plan, as well as business as usual activity. Plans were included in the Corporate Plan which was presented to Full Council with the budget for the year. The plans were agreed by Full Council in February 2021.

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

The Council is committed to a programme of leadership development as part of an organisation development strategy and early financial provision is made within the transformation strategy. Initial external facilitation of the top team is underway to establish a new leadership proposition which will be cascaded, through equivalent engagement of other colleagues. Staff training plans at all

levels will be developed and linked to performance and development plans, as part of the new organisation development approach.

The Council has many policies and procedures relating to HR and these are available on the Council's intranet site and are easily accessible. It is intended that the policy framework will be reviewed during the next financial year and a staff handbook developed, to ensure consistent and high-quality people management across the Council.

Services are required to have regular team meetings, and one to ones with line managers and these are in addition to the annual performance setting discussions that inform key priorities and outcomes for the year. There is a weekly Executive team briefing, regular weekly staff e-mail communications providing staff broadcasts and wellbeing support.

The Council has active engagement with the Trade Unions and there are regularly convened Corporate and departmental Joint Consultative Committees to discuss restructures and specific service matters. The Trade Unions also play an active role in consultations with staff and feedback comments to the Council.

To keep staff aware of changes as a result of COVID19, including the requirement for all remote workers to remain "planned, Present and Productive", a bespoke workforce guidance document was produced and regular updates to staff were issued by the corporate communications team. This provides essential advice and support for people working at home including practical advice, risk assessment frameworks, as well as specialist advice through an Employee Assistance Programme. The welfare and wellbeing of staff has been recognised as a key priority for the Council particularly through COVID and a comprehensive staff wellbeing offer was developed. As a result staff absence is currently on a downward trajectory although ongoing improvement in staff attendance levels remain a risk.

Principle F – Managing risks and performance through robust internal control and strong public management

Risk management arrangements are in place and risk registers are available at a Corporate and Directorate level. During the course of the year, work has been undertaken to consolidate risks across the whole of the organisation between the Council and the CCG to ensure the consistency of approach and model. There is however a need to embed risk management in services and to ensure that risk is considered at all times.

The risk register is presented to, and discussed by, the Executive Team throughout the year. The Council is still reviewing whether an integrated approach to risk with the CCG supports the organisation to the level required or whether a dedicated risk manager is required within the Council. Through the 2020/21 financial year this function has been supported by a lead officer within the CCG with responsibility for governance and risk management.

In addition to this, internal audit report findings on audit reports to the Audit Committee throughout the year. Other senior officers throughout the organisation report to both the Council's Cabinet and the Strategic Commissioning Board as well as various Overview and Scrutiny Boards. The Council has three scrutiny Committees which hold decision makers to account and play a key role in ensuring

that public services are delivered in a way residents want, The agenda, reports and minutes are publicly available on the Council website.

Reports to Committees also include a section that sets out the risks to any proposals and recommendations. Equality Impact Assessments are undertaken, particularly when options for meeting the budget gap are considered by Cabinet and Council. An independent Equalities Review was completed this year and an Inclusion Strategy and action plan developed in response. Early progress has included the development of a new Equality Assessment template and training of all responsible leaders and managers to ensure the Council is assured of fulfilling the Public Sector Equality Duty standards.

All reports presented to Cabinet are signed off by both the Monitoring Officer and the S151 officer (or nominated individual) to ensure appropriate financial and legal oversight is provided on all recommendations. Legal and financial implications are set out in all reports to ensure that the implications of recommendations are fully understood prior to a decision being made.

The processing of personal data is essential to the services and functions of the Council. The council complies with Data protection legislation which includes the GDPR (General Data protections Regulation) and the data protection act 2018 (DPA 2018). This will ensure that processing is carried out fairly, lawfully and transparently.

The Council reviews its policies to ensure they remain consistent with the law, any compliance advice a code of practice/guidance issued by the Information Commissioners office. Staff undertake annual training on information governance. The deputy Chief Executive is the Senior Risk information officer for the Council (SIRO)

The council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames. The Council makes information available to the public via the regimes set out in the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation including the Data protection Act 2019, provides individuals with rights, the Council has policies in place to respond to these requests.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision making structure and the financial value of the transactions controlled by the Authority.

Quarterly financial reports submitted to Cabinet detailing estimated out-turn against the approved budget. The 2020/21 month 9 budget monitoring report highlighted that the Council was forecasting a small underspend as a consequence of government grants received to support services, businesses and the population during the pandemic. However, the report did highlight that the position was very difficult to predict in view of the ever changing national and regional impact of the pandemic. This was highlighted by the change in position that had moved by £7m since the half year point. Whilst the improvement in the position was welcome this was as a consequence of non recurrent one off funding support from the Government and many of the Councils original savings plans had slipped which impacts upon delivery of recurrent on going benefits to address budget pressures.

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

The Council has a key role in the Greater Manchester Strategy including that under devolution by:

- taking part in the monthly meetings of the Combined Authority with the Leader representing the Council;
- agreeing to both innovation and risk by piloting new initiatives at a regional level such as 100% business rates retention;
- locality working with health at both a Greater Manchester wide level and Bury area.

In addition to this, the Council is a member of the Greater Manchester Health and Care Partnership Board and Joint Commissioning Board. As part of the Transparency Agenda the Authority publishes Senior Officer Salaries over £50,000 and payments over £500 on its web site.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement for 2020/21.

The Council welcomes peer challenges and internal and external review and audit. An ICO inspection and Peer Review revisit took place in July 2021.

The Council is in regular liaison with key Government bodies and is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal Treasurers and specialist region wide initiatives such as the greater Manchester Growth Hub.

Due to the pandemic and for consistency the Audit Committee had no new members in 2020/21 but has got significant new members in 2021/22 therefore, a refresh of the training plan will be undertaken and implemented during 2021/22 to ensure members of the Committee understand their role and are able to discharge their statutory duties effectively. However, during 2020/21 the Committee did receive a presentation updating Members on the work carried out to administer the NNDR grant schemes 2020/21 and the work in relation to minimising fraud and carrying out investigations.

The Group Companies of Six town Housing and Persona have produced accounts for the period ended 31 March 2021.

All External audit work is conducted with regard to the Code of Practice produced by the National Audit Office.

Partnership Arrangements

The Council currently delivers a range of services, which often involve working in partnership with others. The Council established a pooled budget arrangement with NHS Bury CCG that commenced during 2019/20. This has resulted in the pooling or aligning of budgets in excess of £470m with a further £40m in view of the Strategic Commissioning Board, which is a Board made up of elected members of the Council and CCG Governing Body members, who undertake shared decision making.

In addition to this the Council has group relationships with:

Bury MBC Townside Fields Limited

This is a wholly owned subsidiary and was set up to develop Townside Fields including: Q Park, 3KP, Townside Fields, Premiere Inn and the NHS Building.

Townside Fields Management Company

This is a company in which Bury MBC owns a third of the shareholding.

Six Town Housing

An Arm's Length Management Organisation to provide housing provision across the borough. The Council signed a ten year management agreement with Six Town Housing this year; during 2020 the Council has significantly strengthened performance management arrangements and reporting with STH including agreement of a set of Key Performance Indicators and establishment of a Partnership Board chaired by the Cabinet Member for Housing and underpinning Growth and Performance Committees.

Persona

A Local Authority Trading Company established to provide a number of adult social care services

It is a requirement of the Code of Practice on Local Authority Accounting that 'Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities'.

Arrangements are in place for the Council and the group companies to work together in setting priorities and overseeing and reporting on performance. The internal audit service also carry out audits of these organisations as part of the requirement to fulfil statutory S151 duties.

There is an opportunity to raise any concerns during the year through Executive meetings between the Chief Executives of the Council and the ALMO (Six town Housing) and through the CCG Audit Committee of which the Joint Chief Finance Officer is a member. This has been taken into account and incorporated in the Statement of Accounts and the 'issues for consideration' in the Annual Governance Statement.

Review of Effectiveness

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; and comments made by the External Auditors and other review agencies and inspectorates.

Internal Audit

An internal audit programme is undertaken, as a consequence of the pandemic, reprioritising of staff, services and resources the 2020/21 plan was a risk based plan and focused on areas that had an in year risk. Where specific matters were brought to the attention of Internal Audit in year these have been investigated in accordance with the Policies of the Council.

At the end of 2019/20 the Council commissioned a high level review of internal audit to look at its effectiveness and to assess the audit approach. A high level report was produced and some key recommendations were made. As a consequence of the review a number of improvements have already been actioned. These include a refresh of the internal audit reports, strengthened internal review and challenge process along with better client engagement. There is still further work required and this will continue into 2021/22.

The 2020/21 annual internal report was presented to the Audit Committee in July 2021. The report provided an overall substantial audit opinion, with 88% of audits completed providing either a full or substantial level of assurance. However, there was one report which received a limited level of assurance due to the number of recommendations within the report. A number of follow up audits have also been undertaken and the majority of recommendations had been actioned. There is a need to ensure that controls and governance frameworks are properly embedded in all services.

Financial Position and Outlook

In restructuring the organisation, the Council's budget has been considered. Financial resilience is critical, particularly when facing the COVID-19 pandemic and the opportunity to consolidate all resources has been taken with the creation of a new reserves policy that was considered by Cabinet in 2020/21. During 2019/20, the opportunity to release further funding across the whole of the integrated care system was identified and to enable this to happen, a higher than planned contribution to the pooled fund of £10.5m was made. This was offset in 2020/21 by an equivalent reduction in the Councils' contribution. In 2020/21 the CCG has also made a higher than planned contribution to the pooled fund of a further £4.5m. The full Health and Care system has worked as one during the pandemic and accessed funding from the most appropriate source. The hospital discharge programme is a testament to the integrated approach.

The delivery of savings has been challenging in 2020/21 due to the pandemic. As a result of this financial discipline will need to be strongly enforced within the organisation throughout 2021/22.

To strengthen financial governance, work to ensure budgets were realistic, remain challenging but deliverable was a key focus of the 2020/21 budget setting process. External advisers were used to sense check all savings plans and involved significant engagement with Directors. However, nobody could have fully predicted the impact Covid would have on all our services, businesses, staff and residents. This was apparent in the way that Government released funding on an ad hoc basis throughout the year. It will take a number of years for some services and investments to recover, which has a financial impact on the Councils reserves and demand for services.

Final Accounts

The final accounts, of which this Statement is an integral part, outline the out-turn of the Authority and are prepared in accordance with professional standards and are subject to external audit review.

Additional staffing resources were targeted to the Statement of Accounts in 2019/20, resulting in an updated set of accounts in a new format, revamped and updated notes to the accounts and a standardised approach to working papers. A dedicated group of finance staff were brought together to produce the accounts and, in doing so, addressed some longer term issues around capital accounting. All these changes were noted and praised by the external auditors. Further refinements to the notes and working papers have been introduced in 2020/21, to build on the 2019/20 improvements.

External valuers were again used in 2020/21 to support the in house team and ensure that valuations were carried out in accordance with the agreed requirements. Reconciliations between the Council's property system and the financial system have been undertaken, and finance staff knowledge of the systems increased.

Governance

A specialist legal adviser was engaged throughout 2020 to progress work around the Constitution and support improvements in governance generally. This work was overseen by Group Leaders through the Democratic Arrangements Forum

Further external support was commissioned to review procurement, internal audit and risk management. Findings from each phase were reported to the Audit Committee throughout the year.

To the best of our knowledge, the governance arrangements, as outlined above remain fit for purpose and have been effectively operating during the year in accordance with the governance framework. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Bury Council:

Leader of the Council
Date

Chief Executive
Date

Progress in addressing the Council's governance challenges

Issues	Update on Action Plan for 2020/21	Lead Officer
<p>Constitution</p> <p>The Constitution has now been refreshed. The revised constitution is available on the council web site. This has been a significant achievement.</p> <p>The Monitoring Officer will now review and with the Executive Director of Finance review schemes of delegation and financial regulations.</p>	<p>Revision of schemes of delegation.</p> <p>Report of the Monitoring Officer to Council in November 2021 to consider any minor updates as part of an annualised review of the constitution</p>	<p>Monitoring Officer</p>
<p>Financial Strategy</p> <p>The Medium Term Financial Strategy (MTFS) was updated in February 2021 and will be updated again in the autumn to take account of changes of assumptions and a greater understanding of the impact of COVID-19</p> <p>COVID-19 has placed even greater financial pressure on local authorities. The volatility and significant financial, fiscal and economic risk makes forecasting and planning difficult.</p>	<p>Regular monthly monitoring is provided to Exec Team and quarterly monitoring to Cabinet. Report on slippage on savings is reported.</p> <p>Framework for developing the budget for 2022/23 to be agreed and actioned over Summer for consideration by Cabinet</p>	<p>Exec Director of Finance</p>

<p>The lack of funding announcements for future years and the delay in the CSR provides an additional layer of risk and longer term planning more uncertain.</p> <p>Financial resilience and sustainability is a significant risk for the future.</p>		
<p>Homes England Grant Claims</p> <p>Homes England audit reviews identified key weaknesses in the grant claims and gave the council the lowest possible rating. This is the second year this has happened. The reputational risk to the Council and the potential to not be considered for future grant funding rounds is a risk.</p>	<p>Full audit review of Homes England grant claims undertaken. Discussions have highlighted opportunities to improve processes.</p> <p>Higher level signoff of all grant claims introduced.</p> <p>Complete. Investigation into grant process inadequacies complete and lessons learned reflected in new constitution and approvals processes</p>	<p>Exec Director of Finance</p>
<p>Risk Management Framework</p> <p>The risk management approach across the council is inconsistent and the approach to risk assessment and scoring does not align to best practice. The potential of not identifying all major risks is possible.</p>	<p>Underway. Risk framework reviewed and corporate and departmental risk registers all updated. Accountability for risk management transferred to the finance department as part of this process; Head of Risk Management post currently vacant, to be addressed in finance restructure</p>	<p>Exec Director of Finance</p>

<p>Audit Assurances</p> <p>c40% of audit carried out in 2019/20 were assessed as below adequate/unsatisfactory. There is a risk that the council will not be able to obtain assurance from the audit manager in the future regarding the effectiveness of internal control.</p>	<p>A review of audit reports, formats and assurance levels has been carried out and updates introduced.</p> <p>Executive Directors will be more actively engaged in the audit progress</p> <p>Improved monitoring arrangements will be introduced and communicated to the executive team and more follow up audits will be carried out.</p> <p>Performance monitoring of audit plans will be introduced to ensure audits are conducted on a timely basis and that responses from managers are timely too.</p> <p>Complete Audit report formats have been updated, more engagement with clients before, during and after the audits. Review of draft audit reports by the Exec Director of Finance and engagement with the service Exec at draft and final report stage</p>	<p>Exec Director of Finance</p>
<p>Internal Audit Provision</p> <p>A review of the internal audit service has identified some weaknesses in service provision, and the approach adopted for internal audit across the council. An independent review identified</p>	<p>An audit improvement plan has been developed and will be implemented. The external consultant is currently providing additional advice and support as part of the wider governance review</p>	<p>Exec Director of Finance</p>

<p>a number of recommendations to improve the overall approach and quality of the service.</p> <p>If action is not taken to address these, there is a risk that the Council does not have an effective internal audit provision and overall governance and measures of assurance are ineffective. This will weaken the internal governance arrangements for the Council.</p>	<p>including an assessment of the service against national standards.</p> <p>Capacity and skills update for the team will be considered and factored into the wider finance restructure.</p> <p>Ongoing Various options are being considered to support what is a very small fragile team within the Council</p>	
<p>Procurement</p> <p>Processes in relation to procurement need updating and training provided to managers. The reputational risk caused by failure to follow processes and procedures is significant.</p> <p>The consolidated contracts register is not up to date which also means that opportunities for consolidating contracts is lost and that lost value is not achieved.</p>	<p>Complete. Contracts register updated; contract procedure rules updated as part of new constitution. Procurement transferred to the Finance function. Ongoing improvements in procurement efficacy and strategy including social value included in corporate transformation programme 2021-23</p>	<p>Exec Director of Finance</p>
<p>Capital</p> <p>The capital financial framework and accounting process requires a refresh in order to ensure that capital accounting records and standards are maintained and are effective. A review of capital processes is also needed to avoid slippage and to ensure that schemes are delivered on time.</p>	<p>Refresh and update the capital strategy.</p> <p>Review, update and reset the capital programme in light of COVID-19 and the funding available.</p> <p>Train and upskill staff to ensure specialist capital knowledge of a high standard is available within the Council.</p>	<p>Exec Director of Finance</p>

	<p>Ongoing Capital strategy updated as part of February budget setting and will be reviewed and refreshed in autumn to take account of Cabinet decisions around disposals and further capital schemes.</p> <p>Work still ongoing to support staff capability and capacity</p>	
<p>DSG</p> <p>The deficit on the DSG reserve has increased by c£5m in 2019/20 and is over £20m in total. There is a danger that the deficit could be greater than the annual High Needs allocation which will make recovery of the position extremely challenging.</p> <p>The DSG Recovery Plan. Agreed with the DfE does deliver a break-even position and therefore sustainability of services may be an issue.</p>	<p>Full root and branch review of the DSG recovery plan to consider options for the future.</p> <p>Establishment of a task and finish recovery group with corporate representation to enable a wider corporate position to be taken.</p> <p>Reports to Cabinet throughout the year.</p> <p>Complete As part of the Safety Valve project regular monitoring returns are required to update on progress</p>	<p>Exec Director of Finance and Director of Childrens Services</p>
<p>Health and Social Care Integration</p> <p>The ability to deliver savings attributed to health and social care integration may be a reality and will impact on the financial plans of both the Council and the CCG.</p>	<p>Complete. Pooled fund budget monitoring now reported to Strategic Commissioning Board. OCO achieved 103% of savings target for 2021/22</p>	<p>Exec Director of Strategic Commissioning</p>

<p>Fraud</p> <p>The opportunity for fraud during the COVID-19 crisis has increased. Fraudulent claims of business grants and potentially other benefits is likely to have occurred.</p>	<p>Engagement in wider national fraud initiatives focused on these issues.</p> <p>Review of cases that have been identified as unusual and require investigation. Fraud team to report on approach, findings and outcomes to the Audit Committee.</p> <p>Ongoing Presentation to Audit Committee during the year focussing on these issues. NFI matches still being worked through</p>	<p>Exec Director of Finance</p>
<p>Leadership and workforce development</p> <p>The absence of a corporate leadership development does not allow assurance that leaders have the skills and mind-set to drive forward corporate priorities.</p> <p>The workforce skills/ "behaviour" framework will require review as part of the new Corporate Plan, when developed, to ensure alignment with key skills base and delivery outcomes.</p>	<p>Underway. Leadership engagement strengthened through establishment of Strategic Leaders' and Senior Managers' forums which meet every c6 weeks and ensure corporate engagement of all senior managers. Structured development of these groups has begun around corporate priorities including the new constitution; a generic leadership development module and equalities. New post of Director of People and Inclusion established to lead on organisation development (OD) including leadership and management; proposed OD framework included in 2021/22 corporate plan and additional</p>	<p>Deputy Chief Exec</p>

	investment included in the transformation programme.	
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Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	21 July 2021
Title of report:	Information Governance Update 2021/22 Quarter 1
Report by:	Lynne Ridsdale – Deputy Chief Executive
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

Information Governance (IG) is the strategy or framework for handling personal information in a confidential and secure manner to appropriate ethical and quality standards, ensuring compliance with the relevant statutory and regulatory requirements.

It is of paramount importance to ensure that information is efficiently and legally managed, and that the appropriate policies, procedures, guidance and management accountability and structures provide a robust governance framework for information management.

IG within the Council is delivered through a distributed model of responsibility rather than through a specific or dedicated team, with key roles identified and assigned to ensure appropriate oversight and accountability. These roles include for example, the Senior Information Risk Officer (SIRO), the Data Protection Officer (DPO), Information Asset Owners (IAO) and Information Asset Managers (IAM).

The Audit Committee is responsible for providing assurance on the Council's governance (including risk and information governance) and as set out in the Council's Constitution, is required to annually review the IG requirements.

The Information Governance Steering Group will provide assurance on IG within the Council, to the Committee through strategic and operational oversight and delivery of its wide-reaching work programme, which includes compliance with all statutory requirements and annual compliance with the Data Security and Protection Toolkit (DSPT).

This report provides an update to the Audit Committee on the work of the IGSG, the IG work programme and associated activity that has been progressed during the first quarter of 2021/22.

Recommendation(s)

That: The Audit Committee:

- Note the update provided;
- Note the re-establishment of the IGSG and its formal reporting to the Audit Committee;
- Approve the Terms of Reference of the IGSG; and
- Endorse the Information Governance Framework as presented.

Key considerations

1. Introduction

- 1.1 This report provides an update to the Audit Committee on the Information Governance (IG) work programme and associated activity that has been progressed during the first quarter of 2021/22.

2. Background

- 2.1 Information Governance (IG) is the strategy or framework for handling personal information in a confidential and secure manner to appropriate ethical and quality standards, ensuring compliance with the relevant statutory and regulatory requirements.
- 2.2 It is of paramount importance to ensure that information is efficiently and legally managed, and that the appropriate policies, procedures, guidance and management accountability and structures provide a robust governance framework for information management.
- 2.3 IG within the Council is delivered through a distributed model of responsibility rather than through a specific or dedicated team, with key roles identified and assigned to ensure appropriate oversight and accountability. These roles include for example, the Senior Information Risk Officer (SIRO), the Data Protection Officer (DPO), Information Asset Owners (IAO) and Information Asset Managers (IAM).

- 2.4 The Audit Committee is responsible for providing assurance on the Council's governance (including risk and information governance) and as set out in the Council's Constitution, is required to annually review the IG requirements.
- 2.5 The Information Governance Steering Group (IGSG) will provide assurance on IG within the Council, to the Committee through strategic and operational oversight and delivery of its wide-reaching work programme, which includes compliance with all statutory requirements and annual compliance with the Data Security and Protection Toolkit (DSPT).
- 2.6 This report provides an update to the Audit Committee on the work of the IGSG, the IG work programme and associated activity that has been progressed during the first quarter of 2021/22.

3. Information Governance Update 2021/22 Quarter 1

- 3.1 The following updates are provided in respect to the overall work programme:
 - **Data Security and Protection Toolkit**
- 3.2 The Data Security and Protection Toolkit (DSPT) is an online tool that allows relevant organisations that process health and care data to measure their performance against the National Data Guardian's 10 data standards.
- 3.3 All organisations that have access to NHS patient data and systems must use this Toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly. This is reflected in the Information Standards Notice DCB0086 Amd 9/2019.
- 3.4 For the 2020/21 reporting period, the submission deadline was 30 June 2021. Ordinarily this is 31 March each year, however due to national, regional and local response requirements to Covid-19, there has been an extended timeframe for both the 2019/20 self-assessment and the 2020/21 self-assessment submission.
- 3.5 The DPST sets out a number of statements / requirements, some of which are mandatory, which the organisation must confirm, or otherwise, its compliance with, through the provision of a written narrative and / or supporting evidence.
- 3.6 For the 2020/21 submission, confirmation was provided as follows:
 - 44 of 44 mandatory evidence items provided; and
 - 39 of 40 assertions confirmed.
- 3.7 A submission was not made in respect to the specific requirement to provide evidence of an attendance record of a process review, as this was not available at the time of submission.
- 3.8 The overall submission and published status of the DPST reflected a Standards Met level of compliance.
- 3.9 A review of the 2021/22 requirements and emerging actions will be incorporated into the IG workplan once released.

- **Information Governance Steering Group**

- 3.10 There has previously been an Information Governance Group in place, however the work of the group slowed down in 2019 and reduced further during the local response to Covid-19 as resources were redirected.
- 3.11 Recently, a refreshed Information Governance Steering Group (IGSG) has been established to oversee the IG work programme. This met formally on 28 May 2021, with a subsequent meeting on 15th June 2021 and a regular programme of monthly meetings has been scheduled.
- 3.12 The IGSG provides the strategic oversight of the IG agenda, and will work closely with the Information Asset Owners, which meet as part of the Strategic Leadership Group, in order that responsibilities for the Information Governance agenda and requirements of the DSPT are shared and more widely understood at a departmental level.
- 3.13 The IGSG will report to the Audit Committee on a quarterly basis. The Terms of Reference are included at Appendix A for approval having been considered by the IGSG.

- **GDPR Internal Audit**

- 3.14 In March 2020, the Internal Audit team undertook a review to ensure that appropriate arrangements are in place to ensure that the Council complies with the GDPR legislation. As a consequence of redirecting resources to support the Covid-19 response and changes in resources supporting the information governance agenda, the final draft report was prepared in November 2020.
- 3.15 The Audit focused on seven specific areas and made 24 recommendations for improvement. The overall audit opinion was assessed as moderate which reflects that there are significant weaknesses in the framework of governance, risk, management and control such that it could be or could become inadequate and ineffective.
- 3.16 In response to the report and reflecting on the requirements of the DPST and the anticipated Information Commissioner's Office (ICO) audit, an Information Governance Framework and supporting implementation and action plan was developed and discussed with the Executive Team. The Information Governance Framework is attached at Appendix B.
- 3.17 Good progress is being made against all the actions; however, it should be noted that whilst the programme of improvement and delivery can be addressed in the immediate to short term, it will take some time to embed in day-to-day practice.

- **Information Commissioner's Office review**

- 3.18 In 2019, Bury Council invited the Information Commissioner's Office (ICO) to undertake a supportive review and audit of the Council's IG arrangements in place to ensure the organisation's compliance with the GDPR. The review was due to take place in May 2020 but was deferred due to the pandemic, and rearranged for June 2021.

- 3.19 The review considered three specific areas in respect to Governance and Assurance, Information Security and Freedom of Information and comprised of an initial desk-top assessment which was then followed up with a three-day virtual on-site assessment and series of interviews with colleagues across the organisation.
- 3.20 Feedback provided at the end of the assessment reflected some areas of good practice across all areas and also reflected similar recommendations as identified through the Internal Audit and as captured in the workplan developed to support the implementation of the Information Governance Framework.
- 3.21 A final detailed report and action plan from the review will be provided to the Council no later than 30 July 2021. All findings will be reviewed and incorporated into the existing IG workplan.

- **Information Governance Framework**

- 3.22 The Information Governance Framework, as a comprehensive policy document, sets out the core components required to deliver effective information governance practice through all our activities. Updates against each of the areas are provided below:
- Strategy
- 3.23 The overarching Information Governance Framework is currently the strategy document and has been approved. This is supported by a comprehensive implementation plan which is monitored through the Information Governance Steering Group.
- Governance
- 3.24 Arrangements to support good governance have been refreshed, including the IGSG which will be supported in terms of delivery through the Strategic Leadership Group and Senior Manager Forum, both of which were existing meeting forums. The network of IG champions across the organisation is also being refreshed.
- Roles and Responsibilities
- 3.25 Work has been progressed to confirm the Information Asset Owners (IAO) across each area in the Council. The IAOs will work in collaboration with the SIRO and DPO as well as their Information Asset Managers (IAMs).
- Policy
- 3.26 A number of data protection and information governance policies have been refreshed and approved by the portfolio holder in accordance with the scheme of reservation and delegation:
- Data Protection Policy v3.0
 - Records Management and Disposal Policy v2.0
 - Bury ICT Data and Network Security Policy v2.0
 - Information Security Policy v2.0
- 3.27 A full policy schedule has been drafted and policies will be prioritised for review and refresh accordingly.

- Standards, including Training
- 3.28 A training needs analysis has been completed which identified both the generic and role specific training that needs to be delivered across the organisation.
- 3.29 Requirements to complete the GDPR training on an annual basis have been reconfirmed and each department has made significant progress in securing completion of this training by 95% of colleagues in the last 12-month period.
- 3.30 Work is progressing on commissioning the additional training required for specific roles.
 - Procedures and Guidelines
- 3.31 IAO's have been tasked with ensuring that the Record of Processing Activity (ROPA), Information Asset Registers (IAR) and Data Flow Mapping (DFM) for their respective areas are up to date.
- 3.32 Additionally, mapping of the Freedom of Information (FoI) and Subject Access Request (SAR) procedure has also commenced. This will be presented to the next Information Governance Steering Group and will be supported by refreshed policies, training and monitoring arrangements.

4 Recommendations

- 4.1 The Audit Committee is required to:
 - Note the update provided;
 - Note the re-establishment of the IGSG and its formal reporting to the Audit Committee;
 - Approve the Terms of Reference of the IGSG; and
 - Endorse the Information Governance Framework as presented.

Other alternative options considered

None.

Community impact / Contribution to the Bury 2030 Strategy

Good Information Governance practices enables the Council to deliver its statutory requirements and therefore contributes across all the themes of the Bury 2030 Strategy.

Equality Impact and considerations:

- 24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Without a robust framework in place to support good Information Governance practice, there is a risk that the Council may not comply with the duties set out in the General Data Protection Regulations (GDPR) 2018 or Data Protection Act leading to possible data breaches, loss of public confidence, reputational damage and prosecution / fines by the Information Commissioner	Approval and Implement of the Information Governance Framework Implementation of a comprehensive Information Governance work programme

Consultation: N/a

Legal Implications:

The report references the Council's statutory duties and obligations under the UK GDPR, Data protection Act 2018, FOIA and associated legislation and guidance. The Council has duties under this legislation in terms of accountability and compliance and must ensure it has appropriate policies and procedures in place. A Failure to ensure compliance could result in enforcement action by the ICO.

Legal advice and support will be required in terms of the action plan outlined in the report as well as ongoing DPO oversight and support.

Financial Implications:

With the exception of the procurement of appropriate training there are no direct financial implications arising from this report. However, there are implications in relation to a potential ICO fine if the Council had a data breach and the ICO found that we as an organisation were negligent.

Report Author and Contact Details:

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Background papers: N/A

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
DFM	Data Flow Mapping
DPO	Data Protection Officer
DPST	Data Security and Protection Toolkit
FOIA	Freedom of Information Act 2000
GDPR	General Data Protection Regulations 2018
IAM	Information Asset Manager
IAO	Information Asset Owner
IAR	Information Asset Registers

ICT	Information Communication and Technology
IG	Information Governance
IGSG	Information Governance Steering Group
NHS	National Health Service
ROPA	Record of Processing activity
SAR	Subject Access Request
SIRO	Senior Information Risk Officer

Appendix A

TERMS OF REFERENCE
INFORMATION GOVERNANCE STEERING GROUP

Terms of Reference Document Control Sheet

MEETING	Information Governance Steering Group
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Version Control

Version Ref	Amendment	Date
V0.1	Initial draft prepared for discussion	May 2021
V0.2	Updated following discussion at IGSG	May 2021

1.0 Introduction

- 1.1 The Information Governance Steering Group (IGSG) is a key element of the organisations approach to good information governance practice.
- 1.2 The IGSG is established with a reporting line to the Audit Committee, which in accordance with Bury Council's constitution, standing orders and scheme of delegation, has responsibility for assuring the Information Governance activity of the Council.
- 1.3 These terms of reference set out the membership, remit, responsibilities and reporting arrangements of the IGSG.
- 1.4 The IGSG is established to oversee and influence the development of Information Governance, Data Protection and Security across Bury Council, including associated independent contractors and service providers, via the implementation of an Information Governance Framework.
- 1.5 The IGSG will also provide assurance on the Council's statutory requirements in relation to information governance and associated legislation and Department of Health and Social Care requirements, including the completion of the Data Security and Protection Toolkit (DSPT).
- 1.6 Any changes to these Terms of Reference must be approved by the Audit Committee

2.0 Membership

- 2.1 The IGSG membership will include a balance of skills, knowledge, experience and interests to ensure that it can discharge its delegated duties.
 - SIRO (Chair)
 - DPO (Vice Chair)
 - Caldicott Guardian – Adults
 - Caldicott Guardian - Children
 - Deputy Director Governance and Assurance
 - Chief Information Officer
 - Information Governance Project Officer
- 2.2 The IGSG may at its discretion invite attendees to its meetings to support it in discharging its duties and purpose.
- 2.3 The IGSG will direct its work through the specialist roles and with co-operation from the Strategic Leadership Group and Senior Manager Form.

3.0 Attendance

- 3.1 Members should attend all meetings however it is expected that members will normally attend a minimum of 75% of meetings held per annum.
- 3.2 Should a member not be able to attend a IGSG meeting, apologies in advance must be provided to the Chair.
- 3.3 In those cases where a member cannot attend, a deputy should be discussed and agreed with the chair who will attend on a member's behalf and is empowered to make judgements and decisions accordingly. Any formal acting up status will be recorded in the minutes.

4.0 Quorum

- 4.1 The meeting will achieve quorum if at least four members are present which must include the Chair or Vice Chair.

5.0 Frequency

- 5.1 The IGSG shall meet monthly with all meetings being undertaken virtually.
- 5.2 The agenda and supporting papers for each meeting will be issued at least five working days before the meeting.

6.0 Duties

- 6.1 The purpose of the IGSG is to oversee and influence the development of Information Governance, Data Protection and security agenda across the organisation which will include, but is not limited to:
 - oversee the implementation of the General Data Protection Regulations;
 - share new initiatives and case law and produce briefings for staff and management teams on their meaning and required application;
 - approve and ensure a comprehensive information governance framework, policies, standards, procedures and systems are in place and operating effectively;
 - Oversight and approval of all annual Information Governance / Risk Assessment required, including action plans and the annual submission of compliance with the requirements in the Data Security and Protection Toolkit;
 - oversee the development of information sharing agreements;
 - promote the Information Sharing Gateway for recording and monitoring information sharing across partnerships;
 - act as an advisory group on implications /developments of information governance when setting up systems and projects;

- Oversight of legislation and operational requirements for Information Governance activities (data protection, information requests, information security, quality, and records management);
- Ensure any identified gaps in processes / procedures that may have implications for Information Governance;
- Ensuring there are clear links with the ICT information security policies and procedures.
- Monitor information handling and data breaches, implementing assurance controls (including Data Protection compliance audits as required) and taking corrective actions and share the learning from these;
- Ensuring that Information Risk Management forms an integral part of Information Governance agenda.
- Ensure training and action plans for information governance are progressed and evaluate the impact and effectiveness of training; and
- Develop and oversee the communication plan that supports the information

7.0 Reporting

- 7.1 The IGSG meeting will be formally noted and a summary note of business undertaken by will be submitted to the Audit Committee on a quarterly basis.

8.0 Monitoring Compliance

- 8.1 The IGSG will develop an annual work plan with specific objectives which will be reviewed regularly and formally on an annual basis.
- 8.2 The IGSG will produce an annual report to reflect progress against the workplan, which will include a baseline and final assessment against the DPST.

9.0 Reviewing Terms of Reference

- 9.1 The Terms of Reference of the IGSG (including membership) shall be reviewed at least annually.

Further information regarding this document

Document name	Information Governance Framework	
Author(s) Contact(s) for further information about this document	Lisa Featherstone, Deputy Director	
This document should be read in conjunction with	Insert the names and numbers of any policies which should be used in conjunction with this document	
Supersedes	Data Protection and Security Framework v7.0 (CCG) TBC (Council)	
This document has been developed in consultation with	Data Protection Officer, Bury Council Director of Corporate Core Services, Bury Council	
This document has been ratified by		
This document will be reviewed in	12 months	
Published by	NHS Bury CCG Townside Primary Care Centre 1 Knowsley Place, Knowsley Street, Bury, BL9 0SN www.burycg.nhs.uk	Bury Council

Version Control

Version	Date	Reviewed by	Comment
v0.1	30/12/2020	Deputy Director Governance and Assurance	Initial draft submitted for wider review
v0.2	11/01/2021	Deputy Director Governance and Assurance	Table at 3.2 updated
v0.3	April 2021	Reviewed by ET	Supported
V0.4	28 May 2021	Reviewed by IGSG	Supported
v1.0	04 June 2021	Audit Committee	Approved and Ratified

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1.0 Introduction

- 1.1 Information is a key corporate asset that requires the same discipline to its management as is applied to other important corporate assets such as finance, people and facilities, to enable better decision making and delivering effective services to our communities, residents, service users, patients and staff.
- 1.2 Through the day-to-day operation of the CCG and Council access, store and create a wide range of information and data in many different formats.
- 1.3 It is therefore imperative to ensure an effective framework for collecting, accessing, storing, sharing and deleting information across all services, that is sufficiently robust, consistently applied and statutorily compliant is in place.
- 1.4 This Information Governance Framework outlines our approach to the effective management of information and data through the identification of key roles and responsibilities and development of policies and procedures, along with best practice and standards for managing the information assets.
- 1.5 This IG Framework, which has been developed to take account of the standards set by the Information Commissioners Office and other relevant legislation and guidance, is an essential element of the wider corporate governance agenda and interlinks with other governance arrangements such as audit, risk, business continuity and information technology / digital management.

2.0 Purpose and Scope

- 2.1 Good information management is vital to ensure the effective and efficient operation of services, the meeting of standards and compliance with legislation and for demonstrating accountability for decisions and activities.
- 2.2 This framework therefore applies to all CCG and Council employees and all individuals or organisations acting on behalf of the CCG and / or Council.
- 2.3 The framework is not directly applicable to schools or GP practices who remain data controllers in their own right, however it can be called upon as needed, along with other underpinning IG policies to support and enable the discharge of duties.
- 2.4 Through the implementation of the Information Governance Framework the CCG and Council aims to:
 - strategically and actively manage information as a critical business asset;
 - understand the information available, needed and retained, including sensitive, restricted, personal or special class information;

- ensure that all information is complete, accurate, accessible and useable by those with a legitimate need and legal basis;
- establish, implement and maintain local policies, procedures and guidelines that comply with legislative and regulatory requirements to enable the effective management of data processed;
- effectively manage the storage and security of information;
- ensure information is publicly accessible and provide clear guidance about how information is recorded, handled, stored, shared and managed to promote transparency;
- provide clear advice, guidance and training to all staff, irrespective of contractual status, to ensure that they understand and apply the principles of robust information governance to their working practice;
- develop and sustain an Information Governance culture through increasing awareness and promoting good information governance practice thus minimising the risk of breaches;
- assess corporate performance using the Data Security and Protection Toolkit and Internal Audits, developing and implementing action plans to ensure continued improvement as required.

2.5 The benefits of the framework will be:

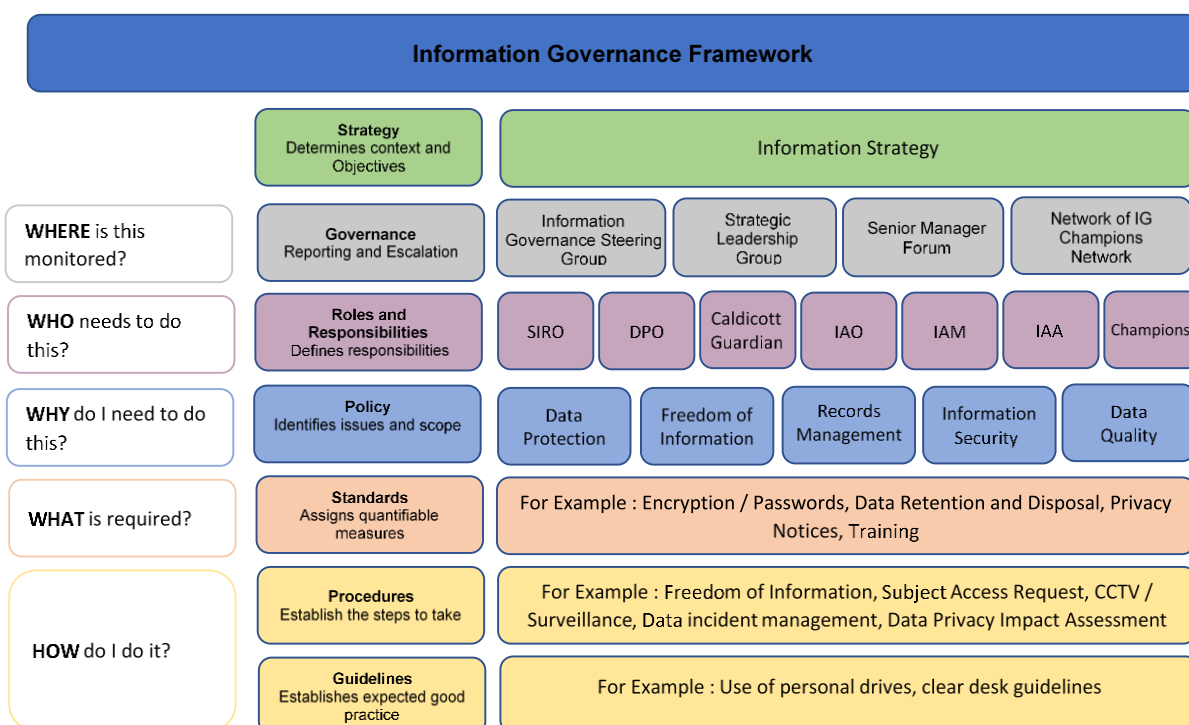
- increased efficiency through the more effective use of physical, electronic and human resources;
- better service delivery through improved access to relevant information making requests easier to handle in a shorter time and in line with statutory timeframes where applicable;
- contribution to improved environmental benefits by reducing reliance on paper files and physical storage;
- more agile working through the removal of irrelevant information and documentation from static office bases with a shift to cloud-based retention of essential documentation allowing staff easier access to the information required to perform their work; and
- improved compliance with legal requirements through promotion of positive Information Governance culture which instils corporate and public confidence, building a credible reputation as a data controller.

2.6 The Framework and the underpinning strategies are based upon the following standards and legislation that apply to information governance and management:

Data Protection Act 2018	Health and Social Care Act 2012	Freedom of Information Act 2000	•General Data Protection Regulation 2018 (GDPR);	A Guide for Confidentiality in Health and Social care
Common Law Duty of Confidentiality	Caldicott Guidance	Access to Health Records Act 1990	Public Records Act 1958	Environmental Information Regulations 2004
Regulation of Investigatory Powers Act 2000	Re-use of Public Sector Information Regulations 2005	Local Government Act 2000	•Code of Recommended Practice for Local Authorities on Data Transparency (2011)	•Computer Misuse Act 1990
•Human Rights Act 1998	•Information Security NHS Code of Practice	•Information Security Standard ISO 27002:2005	•Records Management code of Practice for Health and Social Care 2016	•Mental Capacity Act 2005
•NHS Constitution – Department of Health	•NHS Data Security and Protection Toolkit (DSPT)	•ICO guidance and good practice	•Notification of Data Security and Protection incidents (May 2018)	•Openness of Local Government Bodies Regulations 2014

3.0 Information Governance Framework

- 3.1 Information Governance is about ensuring that organisational information is managed as an asset to ensure that all statutory, regulatory and best practice requirements are met.
- 3.2 Our approach is set out in the diagram below:



- 3.3 All supporting policies, standards, procedures and guidelines will be made available through the shared drives and intranet.

4.0 Key Roles and Responsibilities

- 4.1 Information Governance is the responsibility of all employees and contractors working on behalf of the CCG and / or Council and willful or negligent disregard for information governance policies and procedures will be investigated and may be treated as a disciplinary matter which could lead to dismissal or the termination of work agreement or service contracts.

- 4.2 The following specific roles and responsibilities are applicable in respect to this Framework:

Accountable Officer / Chief Executive

- 4.3 The Accountable Officer / Chief Executive has overall responsibility for Information Governance of both the Council and CCG, which includes the effective management through appropriate mechanisms which support service delivery and continuity.

Senior Information Risk Officer (SIRO)

- 4.4 The SIRO (Executive Director of Finance) has responsibility for information as a strategic asset of the organisation and ensuring that the value of this asset to the organisation is understood and recognised and that measures are in place to protect against risk.
- 4.5 The SIRO has a key role in ensuring that the organisation:
- identifies and manages its information risks;
 - implements robust information asset management arrangements;
 - reviews and agree actions in respect of identified information risks; and
 - ensures sufficient resources are in place to manage the information governance agenda.
- 4.6 The SIRO is supported by the Deputy Director of Governance and Assurance who acts as a 'designate SIRO' capacity for all day-to-day matters.

Data Protection Officer (DPO)

- 4.7 The GDPR introduces a legal duty for all public authorities and organisations that carry out certain types of processing activities to appoint a Data Protection Officer (DPO).
- 4.8 DPOs assist to monitor internal compliance, inform and advise on data protection obligations, provide advice regarding Data Protection Impact Assessments, (DPIAs) and act as a contact point for data subjects and the supervisory authority (ICO).
- 4.9 The DPO must be independent, an expert in data protection, adequately resourced, and report to the highest management level.

- 4.10 There will be respective DPOs within both the CCG and Council, and where required additional DPO resource will be commissioned to support General Practice in accordance with the standard GP contract requirements and management of conflicts of interest.

Caldicott Guardian

- 4.11 The Caldicott Guardian(s) are responsible for protecting the confidentiality of people's health and care information and for making sure it is used properly. They will act as an advocate for information sharing at a strategic level and in internal discussions. Key tasks will include:
- Ensuring that the organisation and its partner organisations satisfy the highest practical standards for handling patient and service user information;
 - Acting as the 'conscience' of the organisation in relation to information sharing and supporting work to enable information sharing where it is appropriate to do so; and
 - Advising on options for lawful and ethical processing of information.
- 4.12 There will be an identified Caldicott Guardian for Adult, Children and OCO health and care commissioning.

Chief Information Officer (CIO)

- 4.13 With the development of the digital agenda, greater emphasis has been incorporated into statutory requirements on Cyber and Data Security. The Chief Information Officer (CIO) oversees the arrangement in both organisations through either direct or commissioned provision for the security of networks, including remote working facilities and ensuring effective controls are in place.

Information Governance Manager

- 4.14 Working under the direction of the Deputy Director Governance and Assurance (designate SIRO), the Information Governance Manager is responsible for ensuring the day-to-day delivery of the Information Governance agenda, including oversight and delivery for all aspects of Data Security and Protection Toolkit.
- 4.15 The IG Manager will ensure that in addition to internal relationships with identified IG post holders, they will also foster good relationships across Greater Manchester in respect and specifically with the NHS GM IG Group and GMCA Senior IG Lead and ensure any regional guidance is reflected into local practice as necessary.

Information Asset Owners

- 4.16 The Information Asset Owners (IAO) are senior members of staff who understand the overall business goals of the organisation and how the information assets they own contribute to and affect these goals. An Information Asset is any form of information that has a value to the organisation (for example personal development plans, or complaint records) and is recorded on a departmental Information Asset Register (IAR).
- 4.17 Deputy and / or Assistant Directors, or equivalent have been identified as IAOs.

Information Asset Managers

- 4.18 The Information Asset Managers (IAM) have day to day management responsibility of the information assets used in their business area. They usually use them more frequently than an IAO and can identify the risks associated with the assets they use and how to ensure continued compliance with legislation.
- 4.19 Heads of Service have been designated as IAMs

Information Asset Administrators (Champions)

- 4.20 All employees and individuals working on behalf of the Council and / or CCG are Information Asset Administrators (IAA) and have a responsibility to be the 'eyes and ears' that help keep the organisation safe and compliant, report when things may have gone wrong, keep asset registers up-to-date and highlight information risk, issues and concerns as they emerge. The IAAs are collectively responsible to achieving Information Governance success.

Information Governance Champion

- 4.21 Each area will identify an Information Governance Champion, who take an active role, working alongside the IAO, IAM and IAAs to ensure that the information governance agenda is enabled through day-to-day operations. The IGCs will be supported to increase their knowledge and understanding of information governance related activity and will act as a departmental expert and advocate for good information governance practice.

5.0 Governance and Reporting Arrangements

- 5.1 To support the delivery of the Information Governance Framework, two delivery groups will be established.
- 5.2 An Information Governance Steering Group (IGSG) will bring together strategic leads who support the Information Governance agenda, including the SIRO, designate SIRO, Data Protection Officer(s), Caldicott Guardian(s), Chief Information Officer (CIO), Information Governance Manager and other representatives from each department as required, and has a remit to:
- Approve and ensure a comprehensive information governance framework, policies, standards, procedures and systems are in place and operating effectively;
 - Oversight and approval of all annual Information Governance / Risk Assessment required, including action plans and the annual submission of compliance with the requirements in the Data Security and Protection Toolkit;
 - oversee the development of information sharing agreements;
 - promote the Information Sharing Gateway for recording and monitoring information sharing across partnerships;
 - act as an advisory group on implications /developments of information governance when setting up systems and projects;
 - Oversight and coordination of Information Governance activities (data protection, information requests, information security, quality, and records management);

- Monitor information handling and breaches, implement assurance controls (including Data Protection compliance audits as required), take corrective actions and share the learning from these;
- Ensure training and action plans for information governance are progressed and evaluate the impact and effectiveness of governance training; and
- Oversee the communication plan that supports the information governance agenda

5.3 In addition, the Strategic Leadership Group(SLG) and Senior manager Forum (SMF) will bring together the Information Asset Managers to ensure all operational aspects of information governance are progressed and compliance with required internal and external assessments (e.g. internal audits, DPST) including:

- Identify gaps in processes/ procedures that may have implications for Information Governance;
- Establishment of Information Asset Registers and Data Flow mapping across all teams;
- Keep under review Information Asset Registers by department;
- Keep under review Data Flow Mapping registers by department;
- Keep under review Record of Processing Activities (ROPA);
- Keep under review and co-ordinate DPIA and DSA registers;
- Oversee delivery of actions arising from data breaches;
- Provide updated on departmental performance in respect to SARs and FOIs; and
- Contribute to and prepare compliance reports with annual assessments and audits.

5.4 The Information Governance Manager will also bring together the network of Information Governance Champions to support continued improvements in the wider application of Information Governance across all teams.

6.0 Dissemination, Implementation and Training

6.1 The framework will be communicated to all staff through corporate communication channels and will be mandated as part of every new starter induction, and periodically thereafter in line with the corporate training standard for information governance, whether employed, elected, contracted or working on a voluntary basis.

6.2 A Training Needs Analysis will be completed annually, and all staff and Elected Members will receive training commensurate with their roles and responsibilities around information handling, management and cyber security.

6.3 As a minimum all staff are required to complete the mandatory IG module using the agreed method detailed in the approved Training Needs Analysis, however further modules for specific information governance and / or certain business roles will be available through e-learning and / or classroom sessions, developed internally or through recognised providers, as required. The requirements and standards for these will be developed, agreed and kept under review.

- 6.4 The SIRO, Caldicott Guardian(s), DPO, IG Manager, Information Asset Owner's (IAO) and Information Asset Managers (IAMs) must complete relevant additional training.
- 6.5 Training compliance will be monitored by the Information Governance Steering Group (IGSG) and at an individual employee level through the annual appraisal process.
- 6.6 Awareness sessions may be given to staff as required, at team meetings or other events.
- 6.7 Regular reminders on information governance topics will be delivered through corporate and team briefings, staff newsletters and e-mail communication.
- 6.8 Failure to comply with Information Governance training requirements will be managed in accordance with agreed policies.

7.0 Monitoring and Review

- 7.1 The Information Governance Framework will be monitored and reviewed annually in line with legislation and codes of good practice.
- 7.2 The policies, procedures, standards and guidance that form part of the Framework will be reviewed as set out in the individual documents.
- 7.3 A detailed review and change log of all documents which comprise this Framework will be maintained by the Information Governance Manager.

8.0 Other related documents

- 8.1 This Framework should be read in conjunction with the suite of other Information Governance Policies, procedures and guidelines.

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Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	21 st July 2021
Title of report:	Internal Audit Annual Report 2020/21
Report by:	Sam Evans Executive Director of Finance (S151 Officer)
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

This report summarises the results of internal audit work during 2020/21 and as required by the Accounts and Audit Regulations 2015 gives an overall opinion of the Authority's control environment.

The conclusions drawn from the report are:

The impact of COVID19 on public services during 2020/21 has been considerable. It has resulted in significant change to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery.

Based upon the results of audit work undertaken during the year my opinion is that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed.

Recommendation(s)

That:

- Members note the contents of this report.

Key Considerations

Background information to this report is contained in the context section of the main report. There are no decisions required for this report.

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*
-

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

Consultation:

 N/a

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement

and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service supports the governance framework.

Report Author and Contact Details:

Janet Spelzini, Acting Head of Internal Audit,
Tel: 0161 253 5085
Email: j.spelzini@bury.gov.uk

Background papers:

Internal Audit Plan 2020/21
Internal Audit Progress reports 2020/21

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
NNDR	National Non Domestic Rates
GDPR	General Data Protection Regulations

Internal Audit Annual Report

2020/21

“Providing assurance on the management of risks”



Internal Audit Annual Report 2020/21

"Providing assurance on the management of risks"

This document summarises the results of internal audit work during 2020/21 and as required by the Accounts and Audit Regulations 2015 gives an overall opinion of the Authority's control environment.

Opinion

Based upon the results of audit work undertaken during the year my opinion is that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed.

Context

This report outlines the work undertaken by Internal Audit between 1 April 2020 and 31 March 2021.

Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment. Internal Audit plays a vital role in reviewing whether these arrangements are in place and operating properly and providing advice to managers and assurance to the organisation, Chief Executive, Executive Directors, S151 Officer, the Audit Committee and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant business risks. On behalf of the Council, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements. The assurance work culminates in an annual opinion on the adequacy of the Authority's control environment which feeds into the Annual Governance Statement.

Internal Audit is required by professional standards to deliver an annual audit opinion and report to those charged with governance timed to support the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards

The impact of Covid19 on public services during 2020/21 has been considerable. It has resulted in significant change to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery.

For internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to produce a reliable independent assurance assessment. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit to issue an annual opinion

on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is also one of the sources of assurance that informs the Annual Governance Statement.

The Chartered Institute of Public Finance and Accountancy (CIPFA) recognised that public service bodies were struggling with considerable challenges and having to make difficult decisions on how best to use their staff professional and regulatory expectations including the need for internal audit arrangements conform with PSIAS. In response to this challenge CIPFA issued guidance for Head's of Internal Audit and those charged with governance on the factors they would need to consider in issuing an annual opinion.

Possible options that were suggested included:

- not providing an opinion for 2020/21;
- providing an opinion but confirming that the scope was limited to the outcome of audit work completed or particular aspects of governance risk management or internal control;
- providing an opinion explaining in more detail the other sources of assurance taken into account in reaching the opinion; or
- providing a standard annual opinion.

This guidance has been discussed in professional network groups including the North West Chief Audit Executives Group. Colleagues largely agreed that it was still possible to provide an opinion albeit this would need to explain the basis for the opinion, to acknowledge that this was not a robust basis for future audit practice and that a resumption of planned audit work was essential to raise and maintain organisation standards of good governance, risk management and internal control.

Internal audit work during 2020/21

The underlying principle to the 2020/21 plan was risk and accordingly audits were only completed in areas that represent an 'in year risk'.

The methodology adopted in preparing the plan, and the plan itself, were approved by the Audit Committee on 2 June 2020.

Since the original plan was approved, several planned audits were not undertaken. This was due to a variety of reasons:-

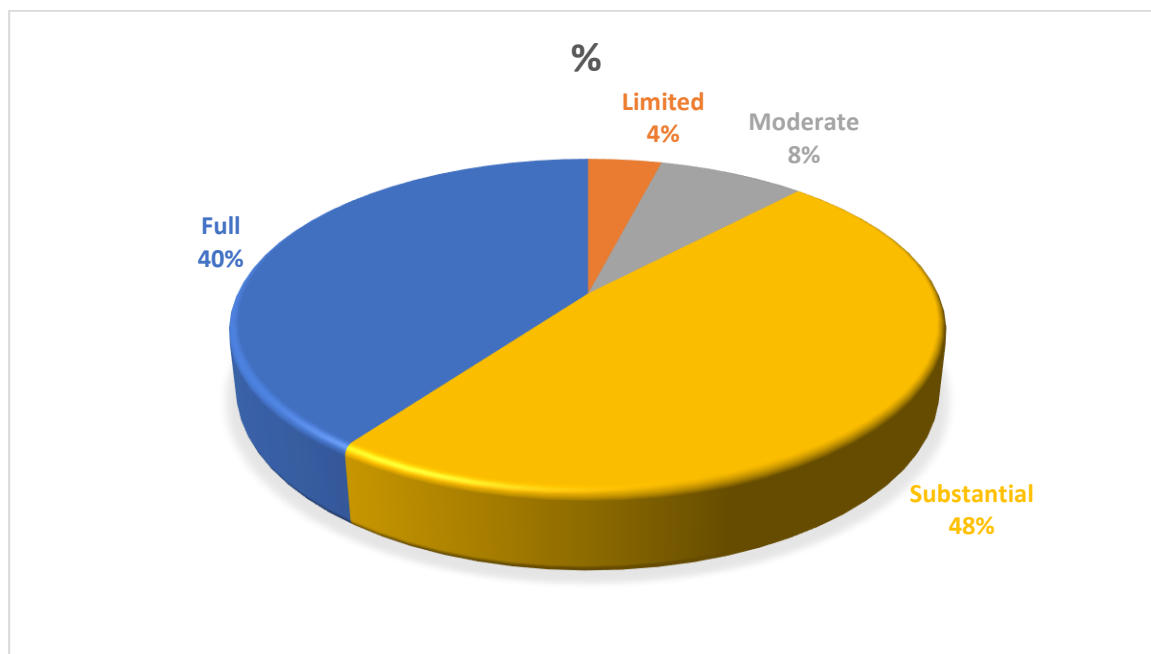
- Audits included in the plan were postponed as independent reviews had been separately commissioned and the audit review would have not added value at this time;
- Audits included in the plan were deferred as the clients were not able to support audit reviews at the time, due to diverting their resources to respond to the COVID19 pandemic;
- Audit resources were limited throughout the year, in response to the COVID 19 pandemic, the team were diverted to provide support to a priority 1 service, to assist with the administration of Business Grants and Self-Isolation Grants.

Variations to the plan during the year are inevitable if the plan is to adequately reflect changing circumstances and the changing organisation. The net effect is that although the work undertaken during the year was different to that anticipated 12 months ago, some of the agreed audits have been completed, or are substantially complete and in the process of being finalised. This work will be carried forward in the 2021/22 annual audit plan.

Summary of assurance work

The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls. The Audit Committee has received regular reports during the year summarising audits undertaken.

As shown in the following chart the outcome of 88% of audits completed in 2020/21 are positive having provided a substantial or full level of assurance to the areas examined. There are however a proportion of audits where controls were considered to be moderate. Most of these relate to specific areas rather than represent an across the board breakdown in controls but there are some topics which may have a wider impact. There was one report which was considered to give a limited level of assurance, a positive management response was received to indicate the recommendations would be addressed. To provide some assurance going forward, additional time has been added into the 2021/22 audit plan to carry out follow up audits and to evidence that recommendations have been actioned. The key issues arising from all audits have been reported to the Audit Committee throughout the year.



A full list of the assurance work completed during the year is given in Appendix A.

The Council, and local government generally, continues to face significant challenges, including the ongoing financial challenges and the need to deliver savings. The Council has also undergone some restructuring and it is important that controls and governance remain in place and that there is an understanding of responsibilities and accountabilities. The COVID19 pandemic has resulted in a significant change in the way some services are delivered, with a lot of work now being delivered by employees who have been required to work from home. This has seen an increase of the use of digital technology and processes in many areas have had to be adapted and improved, in particular with records having to now be stored and made accessible in an electronic manner.

Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. The current categories used, in increasing order of importance are: Merits attention, Significant and Fundamental.

During the year 110 recommendations were made to address weaknesses in control which would not have been identified if the audit had not been undertaken. All of the recommendations made were accepted by management and positive responses were received to indicate that they would be implemented.

Recommendations are followed up to ensure that they are implemented and details of all follow-up reviews undertaken are provided to Audit Committee. Those recommendations showing as "Outstanding" are therefore subject to scrutiny by Audit Committee Members who may call in managers to explain delayed progress where appropriate. Details of audits which were followed up during 2020/21 are provided at Appendix 2.

The existing process only involves 1 follow up in respect of outstanding actions and no subsequent tracking if these have not been undertaken. The process for monitoring and implementation of recommendations and arrangements during 2021/22 will be reviewed as this is seen as a key part of internal control. This will provide a sharper focus in the future that will aid the internal audit function and promote and instil principles of good governance across the council.

Schools

Individual school reviews were not undertaken in 2020/21. A new approach was undertaken, with a thematic approach being adopted to look at topics within schools. This approach will be reviewed in 2021/22 to ensure that an adequate level of audit coverage and assurance is being provided. A School Assurance Board has been established, and the first meeting is scheduled for 21st July 2021.

The annual accounts for a small number of School Voluntary funds and Out of School Care Clubs were examined, as requested by the schools. Additionally, a request for a piece of work was also undertaken for an Academy. A small fee was collected for these pieces of work.

Summary of non-assurance work

Special investigations

The size and complexity of the Council means that some irregularities are inevitable and therefore, in addition to planned assurance work, a small number of special investigations were needed during the year. Internal Audit assisted with / advised Human Resources regarding disciplinary issues as well as providing advice to Departments regarding suspected irregularities. The significant issues arising were reported to the Audit Committee during the year.

Suspected frauds can be reported to our dedicated whistleblowing hotline 0161 253 6446 or by email to

Whistleblowing@bury.gov.uk

Advice

Internal audit is most efficient when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems development. This work reduces the issues that will be raised in future audits and contributes to a stronger control environment. During the year advice was requested for a small number of issues. Audit support was also provided to ensure an effective control framework was

established and in place to administer the Business Grant funding awarded by the Government for distribution to Businesses affected by the COVID 19 pandemic.

Internal Audit also provided support during the closure of the final accounts for 2019/20. Work was undertaken by Internal Audit to ensure that the value of assets (land and buildings) recorded in the accounts accurately reflects the information in the Council's property portfolio records, and additionally, that the property records accurately reflect the supporting valuation documents.

Work is continuously undertaken to ensure that Departments are aware that they should approach Internal Audit as a consultancy resource and a contingency is to be built into the annual audit plan for 2021/22 so that resources are available to meet any consultancy requests.

Certification

Audit can be required to certify grant claims. There were no grant claims submitted for audit certification during 2020/21.

Effectiveness

This section of the report sets out information on the effectiveness of the service and focuses on compliance with the Public Sector Internal Auditing Standards (PSIAS) and customer feedback.

A full externally conducted quality assessment of the service was conducted during 2016. The report of that assessment concluded that the audit service "partially conformed to the expectations of the Public Sector Internal Audit Standards." Work since then has been undertaken to address the recommendations made. The review is due to be undertaken again in 2021/22.

To assist with planning for the 2021/22 review and to guide the development of the Internal Audit Service, a high level review of internal audit was commissioned. This report noted that it had identified that the Internal Audit Team are keen to deliver an effective compliant service within the Council, however, there are a number of historical, operational and cultural factors within both the team and the wider Council that inhibit the effectiveness of the team. The report included a series of recommendations and action has been taken to address these throughout 2020/21. Internal audit reports have been refreshed, and audit processes have been reviewed and changes have been made, particularly with the internal review process and challenge to the findings in reports, and with client engagement. As the new processes are beginning to embed, there has been a slower turnaround of audit reports, and reviews have taken longer than the original target time provided for in the annual plan, however the quality of the resulting reports has improved. Further actions to address the findings of the commissioned review are still required and the audit plan for 2021/22 will include a time

resource to ensure that developments needed within the service are addressed.

In accordance with best practice there is a rigorous internal review of all work undertaken by senior staff and the results feed into the staff appraisal process.

Following most audits a "post audit questionnaire" is issued to the relevant managers asking for their views on the conduct of the audit. The questionnaire includes a range of questions covering the audit approach, reporting format, etc. A key feature of the audit role is the need to sometimes be critical of existing or proposed arrangements. There is therefore an inherent tension that can make it difficult to interpret surveys. Post audit questionnaires are not issued when an investigation is undertaken or if the audit is undertaken by an external partner.

The post audit questionnaire responses returned continue to evaluate the audit process and value of reports as excellent / good. All feedback received has been positive and no negative feedback or comments have been received. During 2020/21 7 questionnaires were sent out and all were returned.

It is clearly important for any audit service to keep abreast of best professional practice. The internal audit service is fortunate in having strong links with colleagues both within Greater Manchester and nationally. The Service has a membership to the Institute of Internal Auditors providing its staff with technical and professional support. At a regional level there are networking opportunities for auditors specialising in schools, ICT, contracts and fraud. As well as good opportunities for continuing professional development and sharing best practice these activities provide advance information on new developments which can be reflected in the audit plan.

The Authority can be confident that a good quality Internal Audit service continues to be provided.

Opinion

The impact of COVID19 on public services in 2020/21 has been considerable. It has resulted in significant change to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery.

For internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to produce a reliable independent assurance assessment. It is the responsibility of the Council to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under PSIAS to provide an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment) and a summary of the audit work from which the opinion is derived.

No system of control can provide absolute assurance against material misstatement / loss or eliminate risk, nor can Internal Audit give that assurance. The work of internal audit is intended only to provide -reasonable

assurance on controls. In assessing the level of assurance to be given, I have taken into account:

- Audit plan and other audit and assurance and advisory work completed in 2020/21; and audit work from prior years where systems or processes have not been subject to change.
- audits which are in draft and where a management response is awaited;
- any follow-up action taken in respect of audits from previous periods;
- any fundamental recommendations not accepted by management and the consequent risks (this is not applicable in 2020/21 as management accepted all recommendations and there were no fundamental recommendations in year);
- the effect of non-assurance work undertaken during the year; and
- the effect of any significant changes in the Authority's systems; and matters arising from previous reports to members.

Some significant issues have arisen during the year but action plans have been agreed with the relevant managers to address the weaknesses identified. Where weaknesses have been identified they have tended to relate to specific parts of the organisation rather than an across the board breakdown in controls. Those audits involving major control weaknesses are in the minority and in general terms, controls are sufficient to prevent or detect serious breakdowns in systems and procedures. However, it is clearly important that issues identified during the year are addressed.

For 2021/22 the Internal Audit Plan confirms resumption of planned audit work in key risk areas. Some of this will remain linked to the COVID19 response and recovery but will provide direct assurance over a range of other organisational risks.

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's governance, control and risk processes.

Based upon the results of work undertaken by Internal Audit during the year my opinion is that the Authority's governance, control and risk management provides substantial assurance that the significant risks facing the Authority are addressed.

Appendix A

Summary of audits completed during the year and total number of recommendations made.

Audit		Level of Assurance	Report Date	Total number of recs made	No of Fundamental recs made
	Bury Council				
1	Vehicle Workshop	Full	July 2020	0	0
2	Building Controls	Inadequate (See note at end of appendix 1)	August 2020	11	0
3	Creditors Childrens Services	Substantial	August 2020	6	0
4	Childrens Services Purchase Cards	Substantial	August 2020	8	0
5	Cash and Bank Key Controls	Substantial	August 2020	2	0
6	Treasury Management Key Controls	Full	August 2020	1	0
7	Housing Benefit Key Controls	Full	August 2020	0	0
8	Debtors Key Controls	Substantial	August 2020	5	0
9	Main Accounting Key Controls	Substantial	August 2020	4	0
10	Council tax Key Controls	Full	August 2020	0	0
11	Housing Rents Key Controls	Full	August 2020	1	0
12	Creditors Key Controls	Substantial	August 2020	4	0
13	NNDR Key Controls	Substantial	August 2020	5	0
14	PCI DSS Compliance (Review by Salford Computer Audit Services)		June 2020		0
15	School Meals Income	Full	October 2020	1	
16	Budget Setting and Monitoring in Schools	Substantial	April 2021	2	0
17	GDPR	Moderate	May 2021	24	0
18	Adoption Services	Substantial	June 2021	3	0
19	Pupil Premium Grant	Full	June 2021	2	0
	Six Town Housing				
20	Planned Maintenance and Major Works	Full	September 2020	5	0

21	GDPR	Substantial	June 2020	7	0
22	Fire Safety	Moderate	September 2020	9	0
23	Risk Management Process	Full	August 2020	3	0
24	Debtors Key Controls	Substantial	October 2020	1	0
25	Treasury Management	Substantial	May 2021	3	0
	Persona				
26	Debtors Key Controls	Full	October 2021	3	0

- Inadequate – this is the opinion level which was used in the old grading system used before the report formats were changed. The report has now been classified as Limited for reflection in this report and for taking into account in the year end annual opinion.

Summary of follow ups completed during the year.

		Report date	Recs made	Recs accepted	Follow up date	Recs implemented
	Bury Council					
1	Debtors System	August 2019	8	8	Jul 2020	7
2	Treasury management Key controls	June 2019	2	2	July 2020	2
3	Cash and Bank Key Controls	July 2019	1	1	Oct 19	1
4	Council tax Key Controls	August 2019	3	3	Sep 19	3
5	Housing Benefit Key Controls	August 2019	1	1	May 2020	3
6	NNDR Key Controls	August 2019	1	1	June 2020	2
7	St Pauls Primary School	July 2019	15	15	July 2020	12
8	Main Accounting Key Controls	September 2019	4	4	April 2020	3
9	Bury Support Fund	November 2019	1	1	April 2020	0
10	CRC Energy Scheme	October 2019	1	1	May 2020	1
	Six Town Housing					
11	Damp and Condensation	November 2019	5	5	April 2020	5
12	Complaints Procedures	November 2019	3	3	April 2020	3



Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	21 st July 2021
Title of report:	Internal Audit Plan 2021/22
Report by:	Executive Director of Finance (S151 Officer)
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

This report sets out the context of the Internal Audit Service and explains the approach to the compilation of the 2020/21 internal audit annual plan. The annual plan is incorporated at Annex 1 to the report.

Recommendation(s)

That:

- Members note the contents of the report
- Members approve the annual audit plan for 2021/22

Key Considerations

Background information to this report is contained in the main report.

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*
-

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

Consultation:

N/a

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the proposed work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service supports the governance framework.

Report Author and Contact Details:

Janet Spelzini, Acting Head of Internal Audit,
Tel: 0161 253 5085
Email: j.spelzini@bury.gov.uk

Background papers:

Internal Audit Plan 2021/22

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
QAIP	Quality Assurance and Improvement Programme
FOI	Freedom of Information
SAR	Subject Access Request
NNDR	National Non Domestic Rates
GDPR	General Data Protection Regulations

Internal Audit Plan

2020/21

“Providing assurance on the management of risks”



Internal Audit Plan 2021/2022

“Providing assurance on the management of risks”

This document sets out the Internal Audit Plan 2021/2022 for Bury Council. These services are provided by the Internal Audit Service of Corporate Core - Finance Directorate. This document complements the Audit Charter and the Council's Risk Management Framework. In accordance with current best practice the role of the audit committee is to review and approve the internal audit plan.

The Role of Internal Audit

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending, and making the most of their opportunities. The different types of risk are varied and commonly include financial risks, IT risks, supply chain failure, physical risks to people, and damage to the organisation's reputation. The key to the Council's success is to manage these risks effectively.

The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 state that a local authority is responsible for ensuring that its financial and operational management is effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. The Regulations require accounting systems to include measures to ensure that risk is appropriately managed.



The requirement for an internal audit function is also contained in the Regulations which require the Authority to:

“Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The Council has delegated its responsibilities for internal audit to the Executive Director of Finance (S151 Officer).

Definition of Internal Auditing

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

The key word in the definition is assurance, the role of audit is not to identify or investigate alleged irregularities, it is to provide assurance to the organisation (the Chief Executive, Executive Directors, Directors and the Audit Committee) and ultimately the taxpayers that the authority maintains an effective control environment that enables it to manage its significant business risks. The assurance work culminates in an annual opinion on the adequacy of the Authority’s governance, control and risk management processes which feeds into the Annual Governance Statement.

Different parts and levels of an organisation play different roles in managing risk, and the interplay between them determines how effective the organisation as a whole is in dealing with risk. The Institute of Internal Auditors uses a “three lines of defence” model to explain internal audit’s unique role in providing assurance about the controls in place to manage risk:

Figure 1: Three lines of defence model

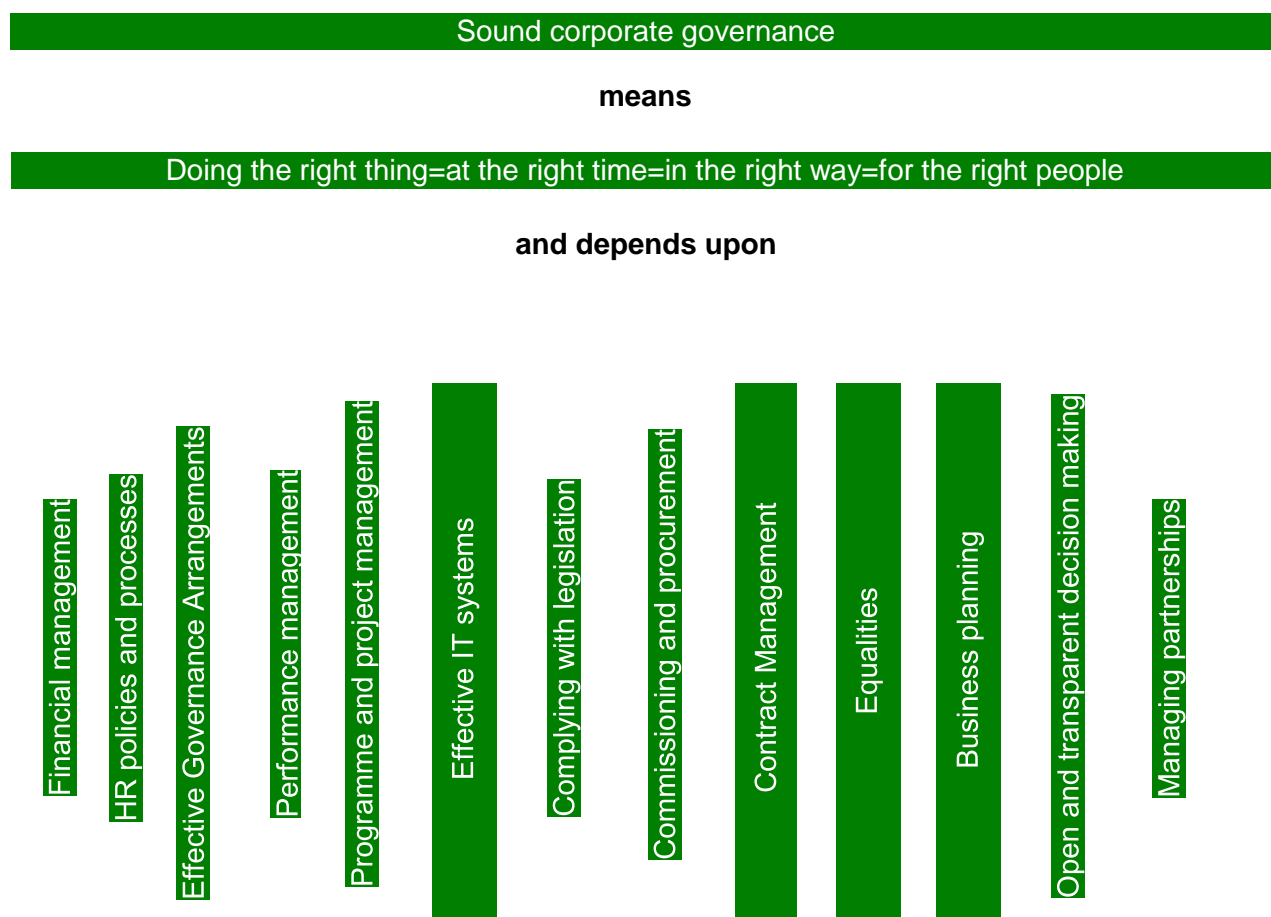


The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of defence, audit’s main roles are to ensure that the first two lines of defence are operating effectively and advise how they could be improved.

We develop and then deliver a programme of internal audits to provide independent reasonable assurance to senior management and members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial and management control and governance processes and report this directly and independently to the most senior level of management. In accordance with regulatory requirements most individual assurance assignments are undertaken using the risk based systems audit approach and are not usually designed to identify potential frauds.

The focus of our work continues to be primarily key corporate processes although the 2021/22 audit plan is being developed to also have a focus on high level risks and change processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the Council that its overall governance, control and risk management arrangements remain effective.

Figure 2: Key corporate processes



We give an opinion on how much assurance systems give that significant risks are addressed. We use four categories of opinion: Full, Substantial, Moderate and Limited assurance.

A report, incorporating an agreed action plan, will be issued for every audit.

The results of audits are also reported to the Council's Audit Committee. To assist managers in prioritising areas for improvement, recommendations are classified as: Fundamental, Significant and Merits Attention.

Vision, purpose and values

A professional, independent and objective internal audit service is one of the key elements of good governance in local government.

As a modern effective risk and assurance service we aim to:

- Act as a catalyst for improvement and provide insight on governance, control and risk management;
- Influence and promote the ethics, behaviour and standards of the organisation;
- Develop a risk aware culture that enables customers to make informed decisions;
- Be forward looking; and
- Continually improve the quality of our services.

A key driver of this strategy is the need to meet all our customers' needs, which in the context of the Council are the Audit Committee, Chief Executive, Executive Directors and Directors.

The Council will continue to be affected by a variety of local and national issues:

- Funding pressures faced by local government;
- Increased growth in partnerships and collaborations, for example with health, other parts of the public sector and the private sector;
- Ever increasing use of technology to deliver services;
- Flexible working arrangements to make more effective use of accommodation;
- The introduction of new ways for customers and the public to access services;
- Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness;
- Responding to organisational changes and development
- Supporting our residents and local business to recover from the impacts of COVID 19 and the emerging challenges that this is posing both internally and externally to Council services and the local economy.

These, and other developments, will mean increased pressure on the service to review existing systems and provide advice on new and complex initiatives. There is also the challenge of working in a post COVID 19 world and reviewing what and how we perform our duties and remain effective. We must add value and help deliver innovations in service delivery. To respond to the demands on us we will:

- Continue to develop our staff to ensure we are fully equipped to respond to our customer's demands;
- Continue to invest in modern technology to improve efficiency and effectiveness;
- Add value and make best use of our resources by focussing on key risks facing our customers;
- Increasingly work in partnership with clients to improve controls and performance generally;
- Continue to buy in specialist help – particularly in IT.
- Review our processes and implement improvements where we can; and
- Ensure our learning and development remains current and reflects best practice.

Services

In addition to undertaking audits the Service is developing to support the organisation by also providing the following services:

Consultancy

The Council will face major changes in culture, systems and procedures over the coming years and we are able to provide advice on the governance, control and risk implications of these changes. The service will act as a critical friend. Particular emphasis is put on project governance and process design.

We are seeking to develop our knowledge and understanding of the management of risk so we are able to **challenge** current practice, **champion** best practice and be a **catalyst** for improvement, so that the Council as a whole achieves its strategic objectives.

So, for example, when a major new project is being undertaken we can help to ensure that project risks are clearly identified and that controls are put in place to manage them. Where possible this has been reflected in our audit plan for the coming year.

It is more constructive for us to advise on design of processes during the currency of a change project rather than identify problems after the event when often it is too late to make a difference and it is possible to use less resource to identify key points than in a standard audit - timely advice adds more value than untimely. Discussion have been held with Directorate Management teams to identify key projects.

Challenge

Champion

**Catalyst for
improvement**

Irregularities

As a publicly funded organisation the Council must be able to demonstrate the proper use of public funds. It is the responsibility of every manager to have systems in place to prevent and detect irregularities. However, if an irregularity is identified or suspected

managers are required to notify the Service and will need professional support to investigate the matter.

All significant investigations will be undertaken by the Service but more minor matters will be referred back to the relevant manager to progress with support from the audit team. The decision on which cases will be investigated will be made by the Acting Head of Internal Audit.

Counter fraud

Although responsibility for operating sound controls and detecting fraud is the responsibility of management, the Service has a key supporting role. In particular, we are responsible for maintaining and publicising the Council's anti-fraud policy, maintaining records of all frauds and, as a deterrent, publicising proven frauds.

The Service also coordinates the Council's participation in the National Fraud Initiative. Relevant managers are best placed and hence are responsible for investigating matches identified by the NFI but we do maintain an overview of progress.

A separate counter fraud team is also in place within the Council. This team focuses on preventing fraud from entering the Council and undertakes investigations relating to application fraud (e.g. Housing Benefits, Council Tax, Direct Payments, Blue badges).

Plan 2021/2022

To ensure the best use of limited audit resources audit work needs to be carefully planned. We have sought to align our work with the Council's risk base this year, by liaising with senior management and taking into account:

- the overall environment in which the Council has to operate
- its aims, strategies, key objectives, associated risks
- risk management processes, and
- national surveys and intelligence on risk areas along with data on actual frauds at Bury.

Our plan also takes into account those topics which have not recently been audited or which feature in the corporate risk register or which when last audited received a low opinion. We are reviewing our training and development plan to ensure that auditors have access to various professional networking meetings which highlight the wider issues affecting public sector internal audit which need to be reflected in the programme of work.

General context and key themes

The outlook for Local Government remains demanding. The impact of COVID-19

together with other pressures on the national economy, Brexit related risks, and uncertainty around long term government policy present significant challenges to the Council. Loss of income, uncertainty around future funding and increasing pressures in demand-led services are also concerns.

At the Council's budget meeting in February 2021, a budget gap of £20.388m was identified for the 2021/22 financial year, requiring the use of reserves totalling £12m. There was also an identified savings target over the next 4 years of £21.898m with a further use of reserves planned in 2022/23 of £14.355m.

During 2020/21 all public sector partners across Bury worked together to support Bury residents during the pandemic. Further progress has been made in the integration with NHS Bury CCG and the operation of the pooled and aligned funds and joint commissioning and governance arrangements at scale. There continued to be significant changes to personnel at senior levels in the organisation and the transformation programme will continue in earnest in 2021/22.

The Council is therefore part way through a period of major transformational change in the midst of unprecedented economic uncertainty and challenge and, as a result, the Council's risk profile has changed in the period since the last plan was agreed. In a climate of significant change and uncertainty it is important that core governance, risk management and financial control arrangements are robust and consistently being followed across the organisation. A key focus of the plan for 2021/22 is therefore to provide assurance on these core processes.

Our primary customers remain the Chief Executive, Executive Directors, Directors and the Audit Committee but we will take into account the views of other managers when refining the scope of audits and will accommodate them as long as requests do not divert us from addressing the core scope as agreed with the Audit Committee.

Further significant changes in processes and policies are likely during the coming year and internal audit will need to support this work and provide advice on the governance, risk management and control implications of the changes. Whilst providing advice is good practice and an effective use of resources sufficient audits are required across the Council's risk profile in order to deliver the annual "Head of Audit" opinion.

Given the limitations on audit resources there is an increasing need for more reliance to be placed by the Council on second line of defence functions (such as Finance, HR and Procurement) and potentially audit will increasingly need to provide assurance on the effectiveness of those functions especially as budget constraints will inevitably also impact on them and hence on the overall assurance framework. The plan therefore includes more of an emphasis on such functions. We will avoid undertaking roles that are properly the responsibility of the first or second line of defence – these managers need to have sound controls and monitoring systems in place rather than relying on periodic internal audits to provide them with assurance. Assurance that these management functions are being properly discharged will be tested as part of the audit work.



In general we plan not to do any individual schools audits instead focusing on the arrangements the Council has in place to identify as early as possible, and subsequently support, schools causing concern / in difficulty. Where a potential and significant financial irregularity is suspected at a school we will investigate but we will not investigate minor suspected irregularities and will expect schools to resolve these albeit with some support from audit as well as other support functions from across the council including finance and school advisers. Similarly, there is little value that an audit can add where the Council already knows of issues at a particular school.

The detailed plan

Based upon discussions with senior managers and our professional judgement an estimated number of days have been allocated to each potential topic. Demonstrating the assurances planned on each strategic risk and being transparent about auditable topics that cannot be audited are key requirements of internal audit professional standards and we therefore adopt a top down approach with the plan being driven by key risks.

The outline plan in Annex 1 shows those topics that we are planning to audit. This will be further developed as we aim to develop the audit universe for the Council. An update on this will be provided during the year. The plan takes into account the resources available within the audit service, risk and other assurance frameworks that exist from which the council can gain assurance.

As in previous years the plan covers one year which is accepted best professional practice. As we strive to improve our service indicative timings of audits have been reflected in the plan. This not only provides a focus for the service in ensuring we are able to monitor and track progress against our plans but enables services to work with us so that audits are not timed at peak time, or in the case of projects, before some of the key activity has taken place. Timings are subject to review during the year e.g. when risks change or a specific project becomes a matter of priority or a significant fraud has to be investigated.

In addition to the assurance and advisory work listed provision has also been made in our work plan to:

- Undertake investigations,
- Provide advice on a consultancy basis to Directorates;
- Undertake fee based work – reviewing the accounts of Voluntary School Funds and Out of School Care Clubs as requested by individual schools;
- Deliver an internal audit service to Six Town Housing and Persona;
- Complete outstanding 2020/21 audits, and
- To undertake development work for the internal audit section, including assurance mapping of Directorates to feed the audit plan for 2021/2022.

Quality Assurance and Improvement Programme

The Public Sector Internal Audit Standards (PSIAS) require the Acting Head of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activity.

The QAIP includes internal assessments, periodic self-assessments and external assessments and is not only designed to assess the efficiency and effectiveness of Internal Audits, but also to enable an evaluation of the internal audit activity's conformance with the definition of internal auditing and the PSIAS and an evaluation of whether internal auditors apply the Code of Ethics. We have an Audit Manual based on accepted professional practice which as well as being compliant with PSIAS builds quality into every stage of the audit process. An external review of the Internal Audit Section was undertaken in 2020/21. Some key areas of improvement were identified and these have been addressed and other recommendation made continue to be addressed. This work includes a revision of the QAIP for the service which will be undertaken and provided to Audit Committee, later in the financial year.

Annex 1 Planned Work 2020/21

CORPORATE GOVERNANCE AND RISK					
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing
Corporate Core	Risk Management and Assurance Framework	Failure to identify major risks that may prevent the Council from achieving one or more of its objectives. Failure to ensure that the major risks are being managed.	Review of risk management arrangements at Corporate level – review of the Council's risk management strategy and arrangements for the maintenance of risk registers. Review the associated information management system and reporting arrangements.	15	QTR2
Corporate Core	Complaints Procedures	Failure to comply with Council policy and regulations, potential for reputational damage should a complaint be taken to the Ombudsman.	Review of system for receiving and dealing with complaints.	15	QTR3
Corporate Core	FOI /Subject access	Failure to comply with Council policy and regulations, potential for reputational damage should a complaint be taken to the Ombudsman.	Review of system for receiving and dealing with FOI / SAR requests. Specific request to focus testing on Childrens' Services	15	QTR4
Corporate Core	Recruitment Process	Failure to undertake robust pre-employment checks (right to work in the UK etc.) which may result in reputational damage or financial penalties.	Review of recruitment process – including assurance over the design and operation of the recruitment process including: 1 completeness and timeliness of pre-employment checks	15	QTR4

			2 completeness, accuracy and timeliness of adding new employees to the payroll 3 monitoring by HR of compliance with pre-employment and recruitment processes 4 an appropriate division of duties is enforced by the system		
Corporate Core	Governance arrangements / AGS	Loss of accountability, lack of corporate ownership of decision making and possible failure to deliver the expected level of services to residents.	Review the methodology for producing the annual governance statement, ensuring that it reflects the code of governance, is in line with CPFA guidance and is adequately supported by evidence. Review the Decision Making process	26	QTR2/3
Operations	Health and Safety	Potential damage to health / wellbeing or loss of life which may result in claims, reputational damage, litigation or corporate manslaughter	Review of Health and Safety arrangements within Operational Services, including the identification of services provided, the risk assessments in place action to address any remedial action identified.	15	QTR3
SERVICE REFORM (Core Financial Systems)					
Corporate Finance	Finance Systems - key controls	Errors and omissions resulting in weaknesses in the integrity of financial data and statements	Routine annual review of high level controls within the key finance systems, retrospective review looking at transactions in 2020/21, to support closure of accounts process. Council Tax NNDR Housing Benefits	80	QTR 1

			Treasury Management Payroll Creditors Main Accounting Debtors Cash Collection and Banking.		
Corporate Finance	National Fraud Initiative	Statutory requirements are not complied with	Manage and co-ordinate the NFI including additional checks on data matches where appropriate.	15	QTR3 and QTR 4
Corporate Finance	Establishment Budgets and alignment with HR records	Establishment budgets and HR information may become out of line, creating budget pressures elsewhere if funds have to be released to meet payroll costs / alternatively staffing levels / payments to employees may have to be reduced so funds can be released to deliver services.	Review the arrangements in place to ensure that budgets for establishments remain aligned with HR systems.	5	QTR 3 / 4
Corporate Finance	I-Trent - Payroll – Additional hours / overtime payments	Failure to respond effectively and efficiently to any major incident.	Review arrangements to manage and process timekeeping (shift work) and overtime effectively as the self-serve module is introduced in i-trent. Cover all directorates, and report to each Executive Director with results of findings.	15	QTR2
Corporate Finance	Unit 4 - Land and Property Valuations	Inaccurate information may be held in the financial accounts.	Review the process for valuing land and property and the updating of records in the CONCERTO system and the subsequent reconciliation of the CONCERTO system with Unit 4.	15	QTR 2 /3

SERVICE REFORM (Grants and Verification)					
Corporate Finance	Grant Claims	Failure to comply with grant arrangements.	<p>Certification of those grant claims required to be certified by the Council's head of internal audit.</p> <p>Anticipated during 2021/22 include:-</p> <p>Local Growth Fund Transport – Bus subsidy Cycle City Highways, Potholes and Flood Resilience</p>	16	QTR 3
Corporate Finance	NNDR – Business Grants	Failure to comply with grant arrangements.	Review the process for the administration of the Business Grants awarded as a result of COVID 19, ensuring that grants awarded were within the government set criteria.	20	QTR 3
Children and Young People	Dedicated School Grant	The Council may fail to address the recommendations made by the DFE, and DSG recovery may not be achieved.	Review work being undertaken to ensure that recommendations identified during the Safety Valve project are being addressed and DSG recovery is being achieved.	20	QTR3 / 4
Communities and Wellbeing / One Commissioning Organisation	Troubled Families	Failure to comply with grant requirements and failure to deliver programme objectives.	Routine annual review. GMCA have been granted devolved powers over the programme and are collaborating to develop a more traditional / risk- based approach to the annual assurance work. Reviews to be undertaken once / twice a year as directed by GMCA and the devolution agreement.	10	QTR2/3

PLACE AND PEOPLE					
Corporate Core	CCTV	Failure to adhere to the agreement and follow the CCTV Code of Practice could impact on the Council's reputation and reliance placed on the CCTV function in supporting other agencies and community safety.	Annual review as required by CCTV agreement.	5	QTR4
Children and Young People	Independent Foster Agency	Inability to place "looked after children" with suitable families or promptly as the need arises.	Review of the use of IFA's, including the controls in place to help ensure cost effectiveness and manage quality and quantity of placements.	10	QTR2
Children and Young People	Care Packages	Failure to comply with Council policy and legislation when procuring goods / services / administering contracts with suppliers. Best value may not be achieved and high cost care packages may not be challenged.	A review of the process for the calculation and award of care packages for vulnerable children, and the billing and payment processes around care processes to provide assurance that financial risks are mitigated. Review arrangements in place for ongoing reviews of care packages to ensure they are still appropriate and consider the financial controls in particular authorisation for changes to rates and providers. Determine if any benchmarking processes are in place and review.	15	QTR3
Children and Young People	Residential Placements	Failure to comply with Council policy and legislation when procuring goods / services / administering contracts with suppliers. Best value may not be achieved and high cost care packages may not be challenged.	A review of the processes and associated costs relating to Looked After Children who are placed into residential care.	15	QTR2

Children and Young People	School and College Transport	Children with special educational needs may be excluded from Education as they may not have any available transport / support to enable them to be able to travel to and from school.	Review the management and contractual arrangements over SEN transport to ensure outcomes for service users are achieved and risks to the service users and the Council are mitigated.	15	QTR3
Communities and Wellbeing / One Commissioning Organisation	Home care packages	Failure to comply with Council policy and legislation when procuring goods / services / administering contracts with suppliers. Best value may not be achieved and high cost care packages may not be challenged.	A review of the process for the calculation and award of care packages for vulnerable adults, and the billing and payment processes around homecare processes to provide assurance that financial risks are mitigated. Review arrangements in place for ongoing reviews of care packages to ensure they are still appropriate and consider the financial controls in particular authorisation for changes to rates and providers. Determine if any benchmarking processes are in place and review.	15	QTR3
Operations	Highways and Footway Maintenance	Budget cuts may have led to a reduced ability to maintain a safe and passable highway, - risk of fatality. This may lead to increased reputational damage as there is the potential for claims to be made against the Council which may incur significant financial penalties.	Review of highways maintenance – work programmes, allocation of works and subsequent monitoring, and costs.	20	QTR3
Operations	Fleet Management	Vehicles and plant may be mis-used / mis-appropriated	Review to assess the security of the vehicle and plant equipment and the arrangements in place to ensure that all items can be accounted for.	10	QTR2
Operations	Taxi Licences	Potential damage to health / wellbeing or loss of life. Reputational damage to the Council and potential financial claims.	Review the system in place for the issue of licences to taxi driver licences to applicants, ensuring that appropriate checks are made to ensure that individuals have a right to work in the UK and hold the appropriate driving licence.	10	QTR2

Operations	Architectural Practice Fee Income	Income due may not be collected, effecting cash flow of the Council. Additionally errors and omissions resulting in weaknesses in the integrity of financial data and statements	Review the processes in place to ensure that income due to the service is correctly calculated in line with any agreements in place, and that the income is collected and posted to the accounts promptly.	10	QTR3
Operations	Income	Income due may not be collected, effecting cash flow of the Council. Additionally errors and omissions resulting in weaknesses in the integrity of financial data and statements.	Work to be undertaken as part of COVID 19 recovery, to look at areas including Leisure Memberships, Civic Centre bookings and Markets	25	QTR3 /4
CONTRACTS					
Corporate Finance	STH Client Management arrangements	Failure to implement the clauses in place in the management agreement could provide a risk of financial loss to the Council in addition to reputational damage.	A new agreement has been implemented and a review is required to ensure that the terms of the agreement are being adhered to.	15	QTR2
Corporate Finance	Persona	Failure to implement the clauses in place in the management agreement could provide a risk of financial loss to the Council in addition to reputational damage.	A new agreement has been implemented and a review is required to ensure that the terms of the agreement are being adhered to.	15	QTR2

Business Growth and Infrastructure	Regeneration Projects	Failure to comply with Council policy and legislation	Identify regeneration projects that have / are taking place. Review a project to ensure that best practice was followed, considering project initiation, procurement of works, ongoing monitoring, and administration of payments, record keeping and post project implementation review.	10	QTR3
All Services	Contract register	Failure to comply with Council policy and legislation when procuring goods / administering contracts with suppliers.	Review the arrangements to identify contracts in place and ensure adequate information is held to ensure that contracts are renewed on a timely basis.	10	QTR2
SUPPORT / SYSTEMS IMPLEMENTATION					
Corporate Core	GDPR	Failure to comply with Council policy and regulation and legislation, potential for reputational damage and financial penalties should a complaint be taken to the ICO.	Follow up work following issue of internal audit work, and ICO visit.	10	QTR3 / 4
Communities and Wellbeing	CONTROCC	Failure to adequately secure systems could result in a data breach, loss of service / downtime and loss of data.	Provision to support system implementation	5	TBA
Communities and Wellbeing / One Commissioning Organisation	Direct Payments	Funds provided to meet individuals social care and support needs are not being used as agreed and fail to deliver anticipated outcomes.	The service is planning to undertake a beginning to end review of the Direct Payment process and have asked for Internal support with this.	5	TBA

Corporate Core Finance	I-Trent	Failure to adequately secure systems could result in a data breach, loss of service / downtime and loss of data.	Provision to support system implementation	5	TBA
Corporate Core Finance	Income collection / Debtors and Write off procedures	Errors and omissions resulting in weaknesses in the integrity of financial data and statements. Legislation may be breached. Inappropriate debts may be written off.	Request for audit support to Treasury Management function to identify income sources, document collection and banking procedures and to determine if making tax digital agenda is being adhered to. Additional work includes a review of the revised write off procedures when they have been updated.	15	TBA
Corporate Core Finance	Unit 4 - Making Tax Digital	Failure to comply with legislation could result in reputational damage and financial penalties.	Provision included to support the Management Accountancy Team in systems development to ensure that the making tax digital agenda is adhered to. The work will need to focus on expenditure, including petty cash and income streams which feed the annual accounts.	15	TBA
			TOTAL	552	

OTHER COMMITMENTS

<i>Activity</i>	<i>Indicative Days</i>
Completion of audits commenced during 2020/21	25

External Traded Services - -perform audits of School Fund and Out of School Club accounts	10
Audit work for Six Town Housing and Persona (separate audit plans)	120
Post Implementation Reviews and Action Tracking	24
Contingency for GMCA Collaboration / reactive GM assurance work	5
Contingency for Investigations and supporting the council's counter fraud strategy	30
Contingency for reactive or unplanned work, management request, consultancy work	20
Audit Service Management and administration, including service development, assurance mapping, Quality Assurance and Improvement Programme (QAIP), anti-fraud and corruption strategy, audit planning and Committee's support	199
Provisions for annual leave / training / sickness	243
Provision of ICT review – by Salford Computer Audit Services (System Licencing)	20
Total:	696
Combined Total:	1248

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