AGENDA FOR

EXTRAORDINARY MEETING OF THE AUDIT COMMITTEE

Contact:: Andrea Tomlinson
Direct Line: 0161 253 5133
E-mail: a.j.tomlinson@bury.gov.uk
Web Site: www.bury.gov.uk

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 an Extraordinary meeting of the Audit Committee which will be held as follows:-

Date:	Monday, 20 December 2021
Place:	Council Chamber - Town Hall
Time:	7.00 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 FINAL AUDITED ACCOUNTS *(Pages 3 - 168)*

A report from the Leader and Cabinet Member for Finance and Growth is attached.
Appendix A - Changes from the Draft Accounts to the Final Accounts
Appendix B - The Final Audited Accounts are attached.

4 AUDIT COMPLETION REPORT *(Pages 169 - 210)*

The Audit Completion report from the Council External Auditors Mazars is attached.

Agenda Item 3

Classification: Open	Decision Type: Key

Report to:	Audit Committee	**Date:** 20 December 2021
Subject:	STATEMENT OF Accounts 2020/21	
Report of	Leader and Cabinet Member for Finance and Growth	

Summary

1. In accordance with the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2021) the Draft Statement of Accounts 2020/21 was signed by the Executive Director for Finance, S151 Officer on 21st July 2021 ahead of the 31 July 2021 deadline. The Committee is required to consider and approve the audited accounts before they are published, and publication must take place as soon as reasonably practicable after the audit opinion has been received.
2. The year-end audit, carried out by our auditors Mazars, commenced on 4th October 2021 and has been substantially concluded at the time of writing this report. This report details the changes made to the Statement of Accounts arising from the findings of the audit to date.

Recommendation(s)

3. Note the changes to the Statement of Accounts 2020/21 as a result of the annual audit as detailed in paragraphs 8 to 13 and appendix 1, There has been one adjustment which has affected the outturn for the Council for 2020/21 which impacted the following statements: Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and HRA Income and Expenditure Statement. It also impacted the Group account Statements for the same statements.
4. Notes the changes to the main statements of the accounts and the relevant notes post audit. The notes affected are Expenditure and Income Analysis by nature (note 3), Expenditure and Funding Analysis (note 3, note 3A), Adjustment between funding and accounting basis under regulation (note 4), Other Operating Expenditure (note 5), Financing and Investment Income and Expenditure (note 6), Taxation and non-specific grant income (note 7), Property Plant and Equipment (note 9), Material Items of Income and expenditure (Note 8), Investment properties (note 11), Financial Instruments (note 13), Debtors (note 14), Usable reserves (note 20), Operating Activities Note (note 22) Intangible Assets (note 12), Unusable reserves (21), Revaluation Reserve (note 21.1) Capital Adjustment Account (note 21.2), Capital Expenditure and Financing (note 25), External Audit costs (29), Grant Income Credited to Services (note 30), Leases (note 31), Critical Judgement in Applying Accounting Policies(note 36)
5. Consider and approve the audited Statement of Accounts 2020/21.

6. Approve the rationale for not correcting two unadjusted misstatements and approve the rational for correcting eight misstatements.

Reasons for recommendation(s)

7. It is a legal requirement that the Statement of Accounts 2020/21 is considered and approved by this committee, following the audit, and signed by the person presiding at this meeting. The legislation sets a target date for publication of the Audited accounts of 30th September 2021. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Alternative options considered and rejected

8. The Statement of Accounts has been prepared in accordance with statutory requirements. No other options have been considered as it is a legal requirement that the Statement of Accounts is prepared, and signed by the person presiding at this meeting, following completion of the audit.

Report Author and Contact Details:

Name: Sam Evans
Position: Executive Director of Finance
Department: Finance
E-mail: sam.evans@bury.gov.uk

Background

9. There are a number of adjustments to the Statement of Accounts arising from the findings of the audit. One of these adjustments affected the Outturn reducing the underspend for 2020/21 by £3.341M. The Councils outturn has changed from a £2.538M surplus pre audit to a £0.822M deficit post audit
10. The updated Statement of Accounts is available at Appendix B The main adjustments to the statements are outlined below, with further details in Appendix 1:
    a. Investment Properties – It was identified during the audit that an additional piece of land, which is leased had not been included by the valuer in their report. This led to the accounts being £0.605M understated on the balance sheet and therefore the accounts were adjusted to include this.
    b. There has been a change in regulations which allows us to create an unusable reserve for the dedicated Schools Grant (DSG) deficit. A revision to the accounts to reflect this was made following the draft version of the accounts. This is a time limited amendment to the regulations.
    c. Covid Grants received – The full value of the Covid Grant received and related expenditure had been posted to the Debtor and Creditor

accounts rather than the net position as either a debtor or creditor. This was amended to reflect the correct accounting.

d. Housing Benefit Overpayment Debtor – The HB Overpayment debtor is calculated as a movement from the previous year. The movement had been correctly accounted for, but the starting position was not aligned to the external system. This was corrected to ensure not only the movement but the starting and closing positions were aligned. This caused an impact to the outturn and reduced it by £3.341M
e. PPE – Classification of Assets. A number of assets were incorrectly classified as investment properties when they should have been classified as other land and buildings within PPE. These Assets have been reclassified.
f. Our HRA dwellings were Valued at 1st April 2020 as required and an increase in value between this date and 31st March 2021 is required to be calculated. This adjustment was originally omitted in error but has since been included which increases the value of HRA properties on the balance sheet
g. Assets are held on our fixed asset register and depreciated in accordance with their category and life. It became apparent that in some cases this life was incorrect, and a review of asset lives was undertaken and a recalculated value of depreciation used. This adjustment included adjustments to the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Capital Adjustment Account but resulted in no change to the outturn.
h. Academisation of Schools. When a school coverts to an academy the land and building must transfer to the academy and the council must treat this transfer as a disposal of PPE assets. We had two schools covert during 2020/21 but the draft accounts only held the details of one. The second conversion has now been reflected in the accounts.
i. Internal Recharges. The council undertakes internal recharges to ensure the full cost of services are accounted for. Following a review by the finance team they identified £4.9M of income and expenditure which had been incorrectly classified as internal recharges. This was corrected following the review.

11. The full details of adjustments to the statements and notes are detailed in Appendix 1.

Unadjusted Audit Differences

12. Provisions – Sample testing of the provisions identified a provision which should have been reclassified as a reserve. This will be reclassified during 2021/22. This error has been extrapolated across the provisions balance to suggest the value of misstatement may be £1.569M
13. Gross Expenditure – Sample testing of the expenditure identified an error of £20,000 which was classified as expenditure but should have been classified as a reduction in income. This error has been extrapolated across all expenditure to suggest the value of misstatement may be £0.584M

14. We have not corrected the accounts on either of these audit differences because:
    a. They are below the materiality level both individually and in aggregate.
    b. They were extrapolated rather than identified in full.

Statement of Accounts

15. The Statement of Accounts is a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Committee were presented at its meeting on 20th December 2021. A copy of this is available at Appendix B

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

16. A strong financially sustainable Council is essential to the delivery of the Let's do it 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.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision.

17. There are no implications to an increased carbon impact of this decision

---

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
There is a risk of misstatement	Accounts are reviewed by Mazars and their opinion of these accounts is independent to the council.

Legal Implications:

The localised accounts process was established pursuant to the Local Audit and Accountability Act 2014, the system ensures that the Councils accounts are independently verified by the Council's external auditors Mazars ensuring good governance and financial transparency.

This report is submitted to Audit committee in accordance with the financial regulations as set out in the Council constitution.

Financial Implications:

The statement of accounts are an essential part of any organisation and represent the financial position of the business for that particular financial year. For public sector organisations they are statutory and give the public and central government assurance that tax payers money is being expended in an economic and efficient way. These accounts not only report the in year position but also the future stability of the organisation through the strength of its balance sheet and cash flow.

The draft accounts have previously been reported to Audit Committee and the draft financial outturn position was subsequently reported to Cabinet. These accounts now represent the post audited position and whilst they reflect a worsening in the outturn it should be noted that in doing so this is recognising an error that has been unidentified for a significant number of years.

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

Appendix A – Changes from the Draft Accounts to the Final accounts

Appendix B – Statement of Accounts 2020/21

This page is intentionally left blank

APPENDIX 1

Changes from the Draft Accounts to the Final Accounts

Ref No	Description	Page	Statement/Note	Detail
1	Revenue Budget by directorate	10		Housing General Fund – actual expenditure has increased by £3.341M due to the correction of the debtor held in relation to housing benefits overpayments. Corporate core - actual expenditure has increased by £0.019M in relation to the increased Audit Fee
2	Analysis of reserves	14		General Reserves has reduced by 0.019M in relation to the increased Audit Fee Earmarked reserves has increased due to removal of DSG deficit. DSG central reserve of £21.407M has been removed – incorrectly classified as usable reserve and now has been moved to unusable.
3	The Collection Fund	24	Council Tax	Movement in year – reduced £0.103M due to adjustment required re treatment of discretionary relief
4	Comprehensive income and expenditure statement (CIES)	32	CIES / 5	Expenditure and income analysed by nature shows a difference to be due to depreciation, amortisation and impairment initially shown as being a deficit is now shown as a surplus. Income has a small movement overall but significant changes in the classifications where Government grants and contributions has moved from £244.4M to £310.3M as it was identified these were classed as other income rather than Government grants and contributions.
5	Movement in Reserves Statement (MIRS)	33	MIRS	MIRS shows an increase in total reserves from £117.4M to £127.328M. • General Fund – increased cost of service (Housing General Fund) reducing general fund balances (see note 1) • Earmarked General Fund reserves – as noted above • HRA – increased income from CIES, Increased adjustments between accounting and funding basis • Unusable reserves – decrease from CIES, Increased adjustments between accounting and funding basis and adjustment to revaluations.
6	Balance Sheet	35	14/17	Long Term Assets

				• Changes to the PPE due to academisation of Prestwich High School, revaluation of HRA properties & correction of asset life values, and Investment properties due to reclassification of investment properties to PPE Current Assets • There has been a reduction in sundry debtors and advance payments by £62.7M. £59.5m is related to COVID debtors now netted off creditors, £3.341M adjustment to Housing Benefit Debtor, £0.103M adjustment to Collection Fund arrears Current Liabilities • A corresponding transaction has also been included in the sundry creditors and advance payments and has been rectified. This has reduced the current liabilities £59.5m was COVID grant as above, External Audit costs £0.019m and Collection Fund of £0.016m The overall net assets have increased due to the changes in the long-term Assets There was a transposition error in the draft which has now been corrected.
7	Cash Flow Statement	36		The overall Cash and Cash equivalents at the end of the reporting period are in line with the draft set of accounts but there have been some changes between the categories. This includes: • Net surplus on the provision of services has increase from £1.9M to £6.0M. This is due to adjustments relating to capital as detailed in note 1 • Adjustments to surplus on the provision of services for non-cash movements has reduced by a corresponding amount • Net cash flows from Financing activities has increase due to capital in note 1
8	Expenditure and Funding Analysis	53	2.1	Net expenditure and expenditure chargeable to General Fund and HRA has reduced due to changes in None Service Specific and HRA. The cost of the provision of services has therefore moved from a deficit position to a surplus position. • Children, Young People and Culture – adjustments in expenditure funding basis and therefore net expenditure due to downward revaluation of schools. Changes in expenditure and net expenditure due to adjustment for internal recharges • Corporate Core – Changes in expenditure and net expenditure due to adjustment for internal recharges • NSS – changes in GF expenditure and between funding and accounting basis has reduced due to an adjustment for correction of asset lives

				• Operations - changes in adjustments between funding and accounting basis due to capital adjustments– adjustment for correction of asset lives, depreciation & land & building split • HRA adjustment between funding and accounting basis has an increase surplus due to revaluation of housing stock • Housing General fund has shown an increase in its expenditure due to an adjustment to the Housing General Fund debtor held of £3.341m • Other income and expenditure has increased the adjustment between funding and accounting basis Overall, the surplus on provision of services has moved from a deficit position of £1.907M to a surplus of £6.017M Movement in General Fund and HRA balances has changed from the draft position in line with the adjustment above
9	Expenditure and Analysis by Nature	57	Note 3	Now in line with the revised balance sheet. Changes to the 19/20 categories but deficit on provision of services in line with reported. Changes to the 20/21 for income and expenditure to show a Surplus on the provision of services.
10	Adjustments between accounting Basis and funding Basis under regulations	59	Note 4	Overall, a movement in the total which is due to Changes in categories within the table • Adjustment of the capital adjustment account for depreciation, amortisation and impairment of non-current assets. Of £15.5M due to revaluation in the HRA stock • An increase to the GF transfer of non-current asset sale proceeds from revenue to the capital receipts reserve.
11	Analysis of other operating expenditure	59	Note 5	Loss on disposal of non-current assets has increased by £11.1M due to the academisation of Prestwich high School
12	Material Items of income and Expenditure	60	Note 8	The addition of Prestwich High School – Deregulation of school on Academy Conversion has been added as was omitted in the Draft.
13	PPE note	64	Note 9	Closing NBV has moved by £14.8M due to the following • Council Dwellings valuation increase-revaluations recognised in the revaluation reserve and in the provision of the service due to the valuation increase between 1/4/20 & 31/3/21

				• Other land and buildings – increase in the disposals recognised in the account's revaluations recognised in the revaluation reserve and the provision of the service and changes in the depreciation charged in year due to reassessment of land & building split • Increase in the infrastructure assets – depreciation charged within year adjustments for incorrect asset life values and depreciation charged
14	Investment Properties	67	Note 11	Movement (increase) in fair value on investment properties due to increase in value of Manchester Airport Group land (Quantum)
15	Intangible assets	68	Note 12	Increase in amortisation in year due to changes in depreciation
16	Financial Instruments	69	Note 13	Financial Assets • Current Debtors has decreased from £103.3M to £40.7M - see current assets in note 3 Financial Liabilities • Current Creditors has decreased in line with above Investments in Equity instruments designed at Fair value through other Comprehensive Income • There has been an adjustment in the change in fair value during the year due to the increased valuation of the shares held in the Manchester Airport group • Airport has been split between shares held and car Park Ltd.
17	Amounts arising from expected Credit losses	73	13	• Reduction in sundry debtors leads to a reduction in expected losses
18	Analysis of short- and long-term Debtors	81	Note 14	Short Term Debtors • Overall reduction in net Debtors - see current assets in note 3 • NHS debtors reclassified from Bodies external to General government • Adjustment required to Collection fund due to discretionary relief treatment • The impairment allowance for bad debt has been split out and shown separately – previously netted off each line
19	Analysis of creditors	83	Note 17	• Overall reduction in net Creditors – see current liabilities in note 3 • NHS creditors reclassified from Bodies external to General government

20	Usable Reserves	90	Note 20	• Formatting error corrected on table 20. Have been amended
21	Earmarked Reserves	91	Note 20.3	Changes to the way the DSG reserve is shown.
22	Unusable reserves	95	Note 21 Table 21.1 Table 20.2 Table 21.8 Table 21.9	Revaluation reserve • An increased upward revaluation of assets and downward revaluation of assets due to (academisation of Prestwich high School) • An increase on accumulated gains on assets sold or scrapped • An increase is the amount written off to the capital adjustment account due to HRA stock • The total of the above has led to an associated change in the net written out amount of the cost of non-current assets consumed in year. Pension Reserve – A reduction in the remeasurement of net defined Liability as informed by the actuarial valuation received DSG adjustment account – New to the statement of accounts
23	Cash flow	100	Note 22	Non-Cash Movements • Depreciation has changed as detailed above • Impairment has changed as detailed above • Increase in debtors and creditors as noted above in note 3 • Increase in the carrying amount of non-current assets held for sale due to revaluation and depreciation adjustments detailed above
24	Capital Expenditure and Financing Requirement	102	Note 25	• Increased need to borrow unsupported by government Financial now has been included changing the overall position to a cost rather than an income • Capital Commitments included now only include those schemes where we have a clear commitment, evidenced by a contract which is in place.
25	External Audit Costs	106	Note 29	Increased cost of external auditor in line with known costs as amounts were not known at time of original draft
26	Leases	105	Note 31	• Operating leases where we are Lessor – this is a new table to help users of the accounts
27	Related Parties	116	Note 35	Addition of a table detailing related parties within the accounts

28	Housing Revenue Account	121		HRA income and Expenditure Statement • There is a decrease in the Depreciation and Impairment of Property, Plant & Equipment • Revaluation losses on non-current assets has moved • Removal of the share of Corporate and Democratic core • The above adjustments change the surplus on HRA from £10.7M to £21.2M Note to the Movement on the HRA statement • Depreciation, impairment and revaluation losses of non-current assets has increased by £15.5M due to revaluation of HRA stock
29	Impairment Charges	122	Note 6	Changes to impairment charges to council dwellings due to revaluation of valuations
30	Group accounts – CIES	129		Changes are detailed in single entity accounts above Reflected to show the changes made to the accounts

Statement of Accounts 2020/2021

Table of Contents

Introduction by Executive Director of Finance

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

Narrative report

Introduction to Bury

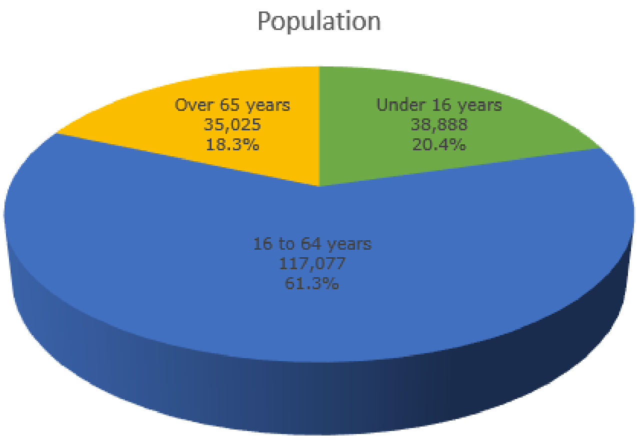
Bury Council is one of ten local authorities in the Greater Manchester region. Bury is a place of independent shops, good schools, thriving businesses and strong communities making it a place where people want to live, work and spend their leisure time.

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.



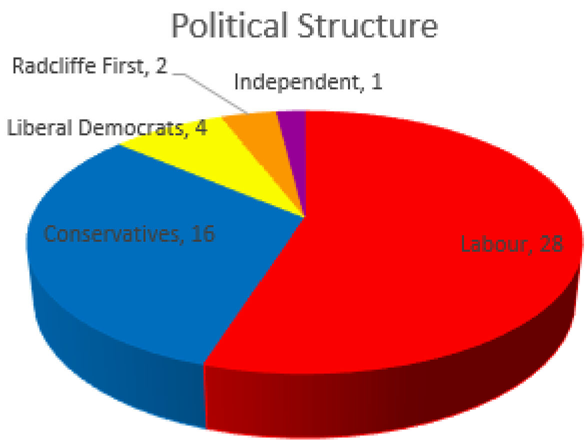
The working age population (age 16 to 64) as a proportion of the population is slightly lower than the regional and national averages, whilst those over 65 also represent a lower percentage of the population than regional and national averages. Over 85's represent 2.2% of the population compared to 2.5% 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' 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 rights 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 2020/21 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:

Directorate	Budget	Actual Expenditure	Variance (Under)/Over Spend
	£m	£m	£m
Business, Growth and Infrastructure	2.721	2.887	0.166
Children, Young People and Culture	36.183	37.319	1.136
Corporate Core Services	10.854	11.112	0.258
Housing General Fund	0.705	4.629	3.924
Non-Service Specific	22.504	11.364	(11.140)
One Commissioning Organisation	76.179	64.566	(11.613)
Operations	15.745	22.768	7.023
TOTAL (Net of Government Grants)	**164.891**	**154.645**	**(10.246)**

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 General Fund and Earmarked Reserves at the end of 2020/21.

Analysis of Reserves as at 31 March 2021	
Reserve	**£m**
General Fund Reserve	34.222
Directorate Risk Reserves	3.512
Volatility and Fiscal Risk	37.096
Total Management of Risk Reserves	**74.830**
COVID-19 Related Grants	10.523
Corporate Priorities	14.013
External Funding/Grants	43.093
Other Earmarked Reserves	8.799
Total Earmarked Reserves	**76.428**
TOTAL COUNCIL RESERVES	**151.258**
Schools Reserves	8.846
TOTAL NET RESERVES	**160.104**

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 the capital development of 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

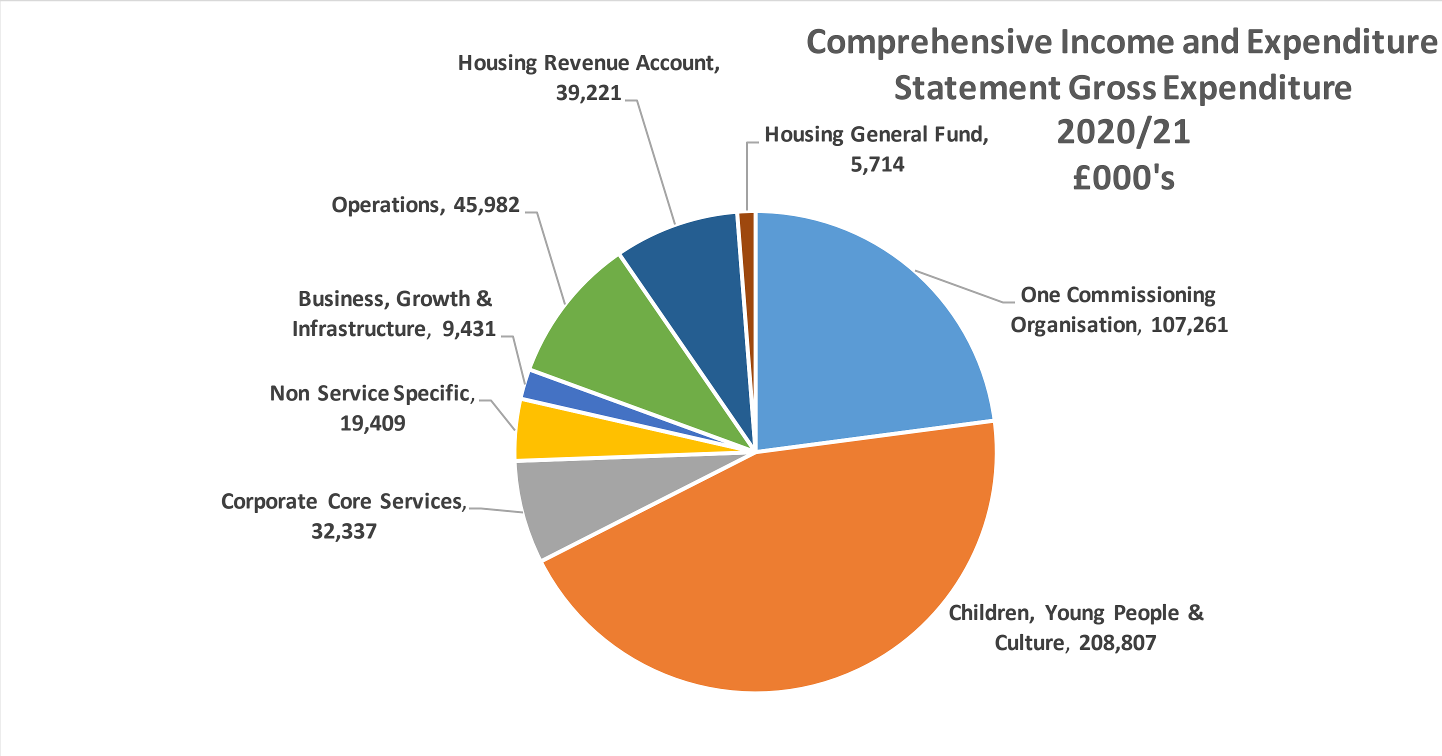
- Towards the end of February, we began our 'Bury Futures' conversations, bringing together local, regional and national thought leaders to discuss Bury topics linking into our Bury 2030 strategy.
- The Bury 2030 Strategy, published in 2020 has been developed by the 'Team Bury' partnership for everyone 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.

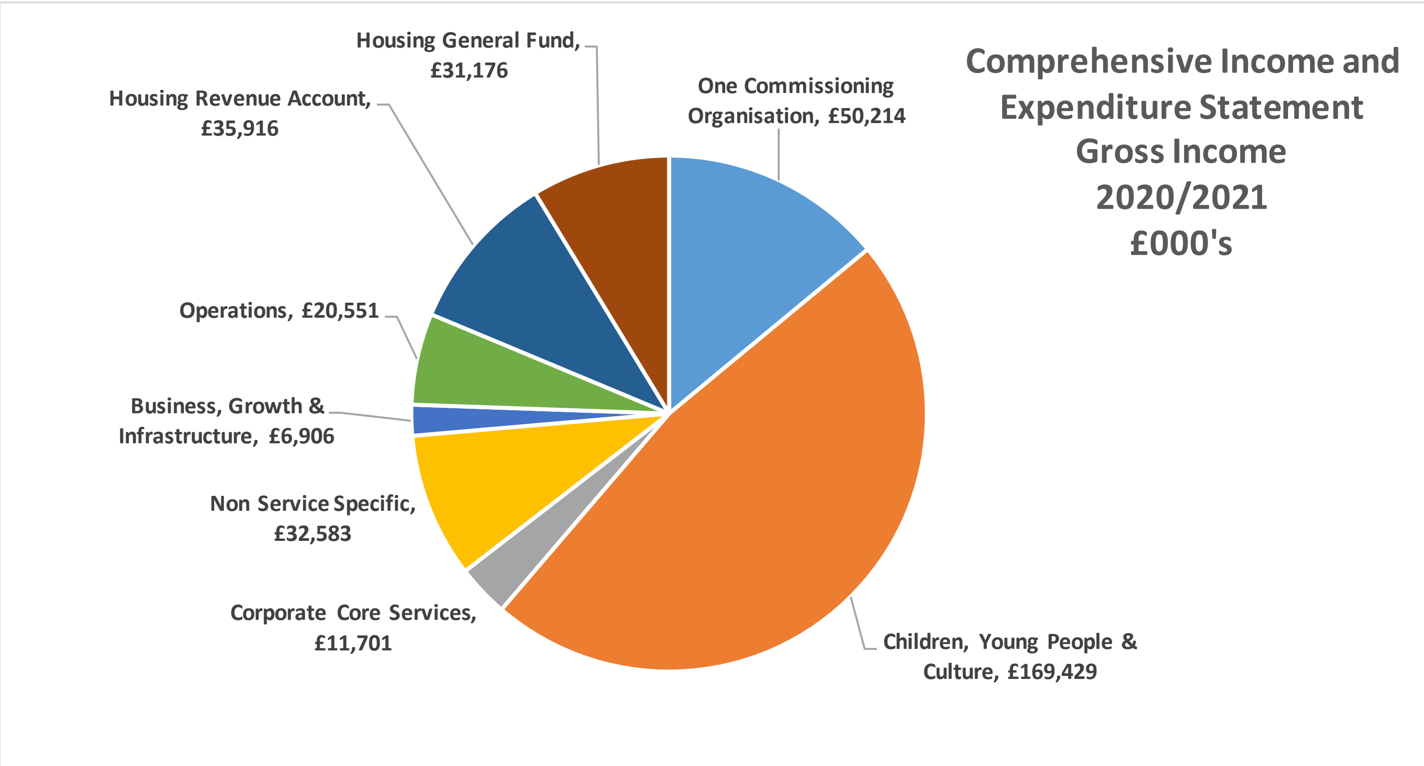
Financial Performance 2020/21

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.

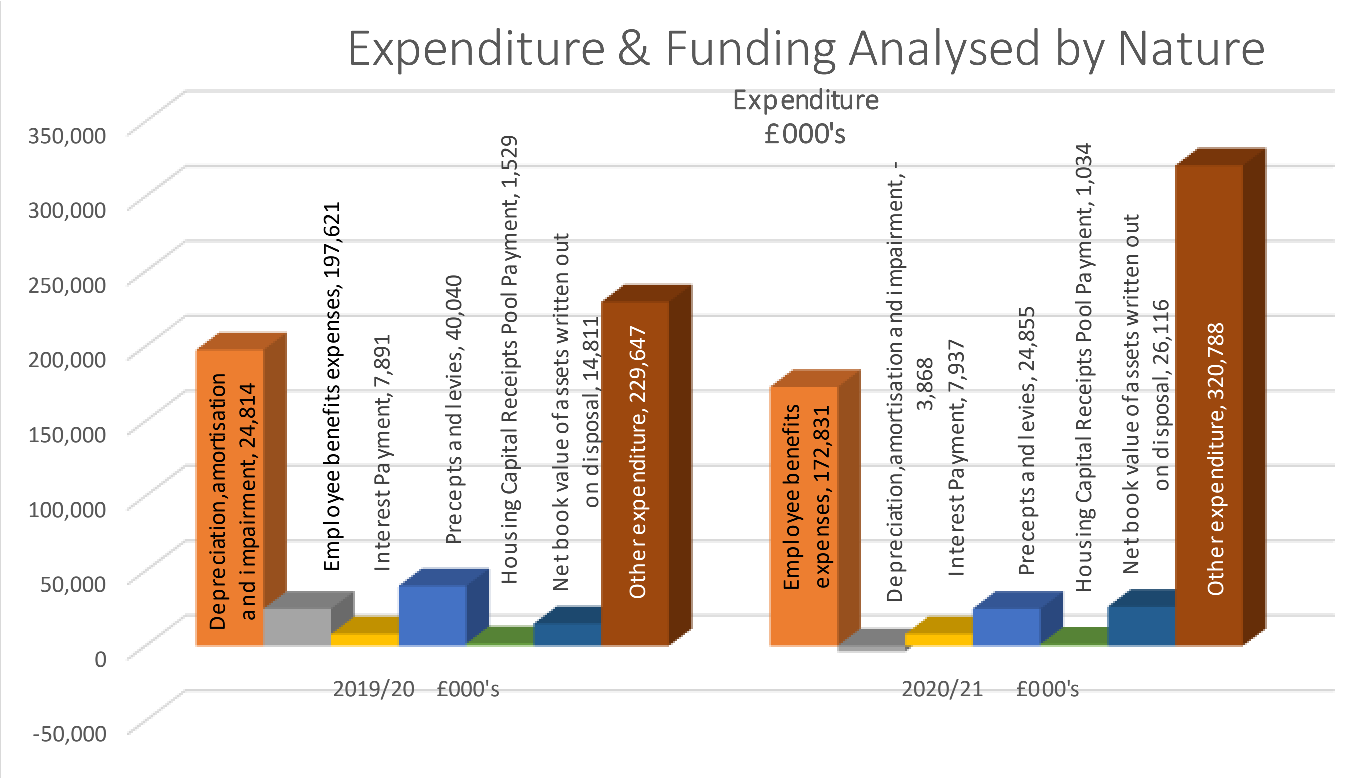
This Income and Expenditure is analysed by department and by nature below:-

By department:-

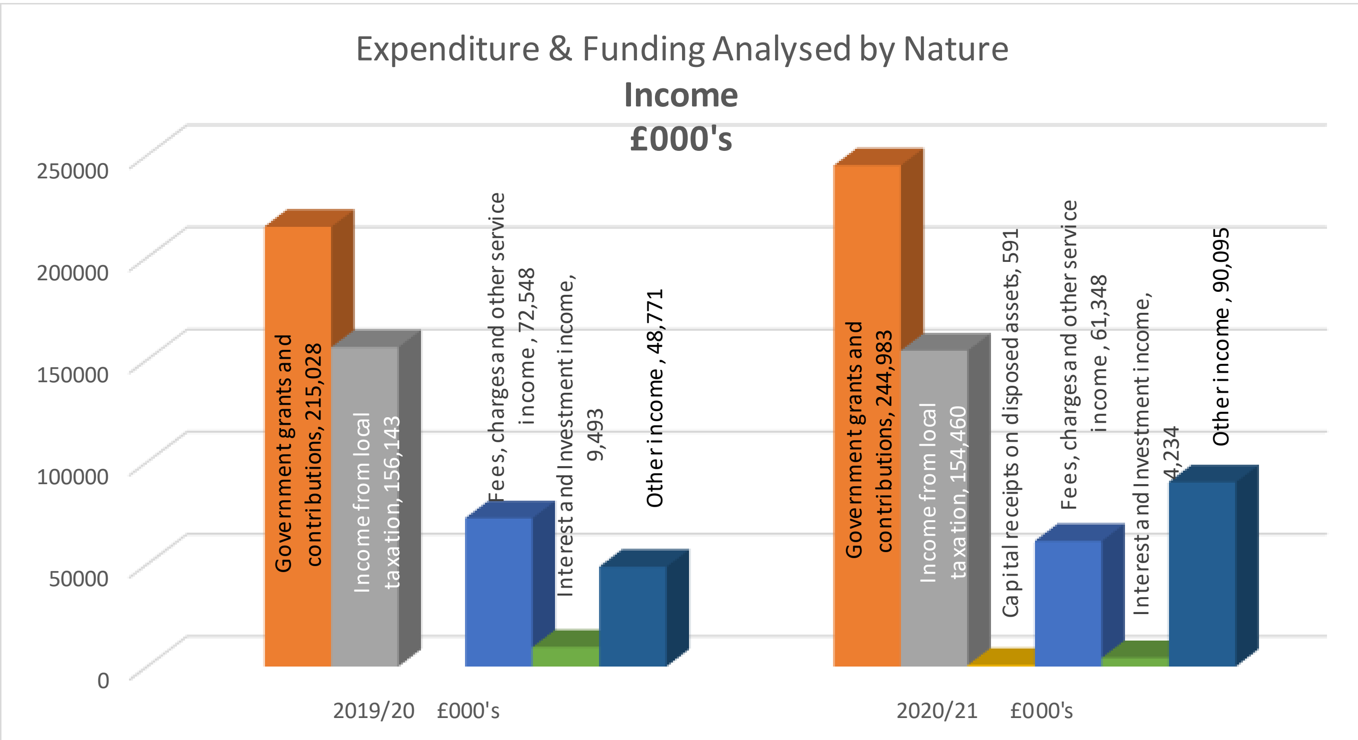




By nature:-



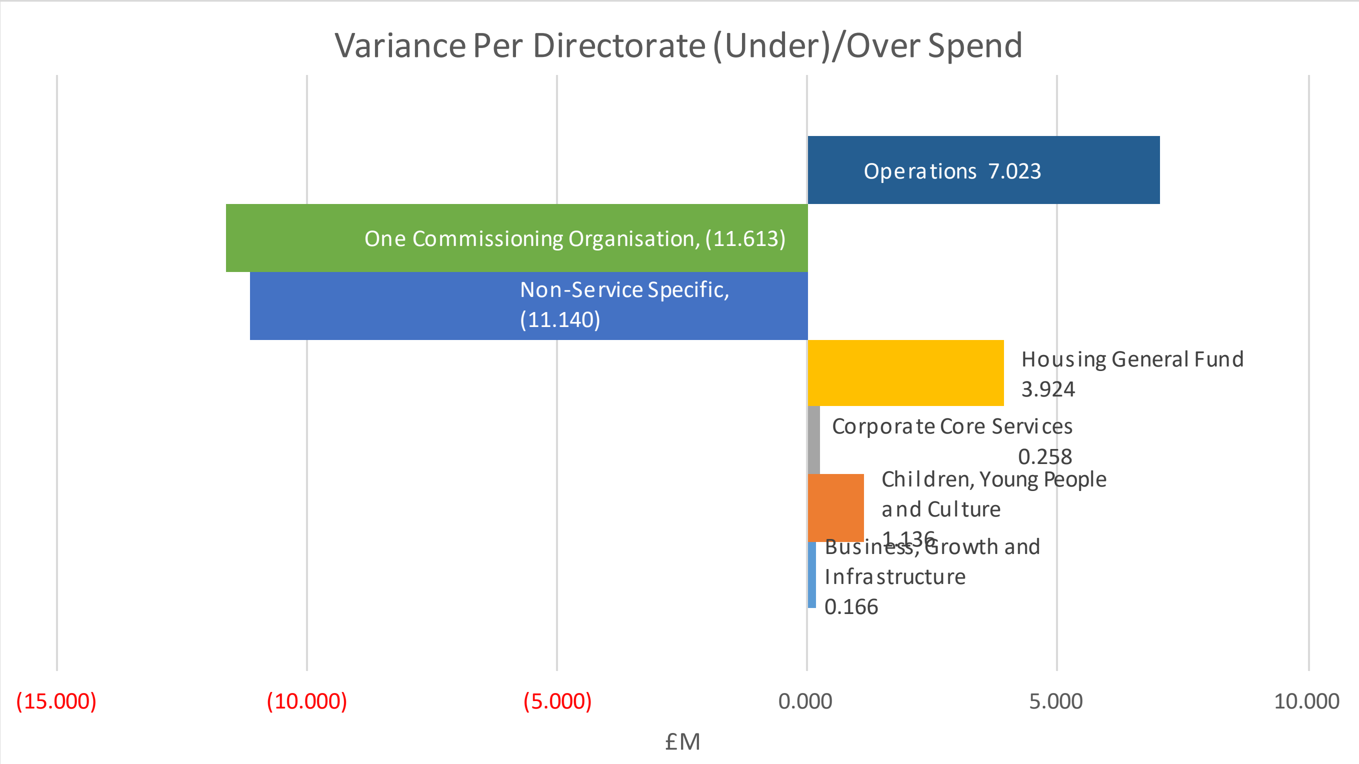
The ‘Other expenditure’ block above includes all payments made to suppliers for goods and services received during the year.



Revenue Underspends/Overspends

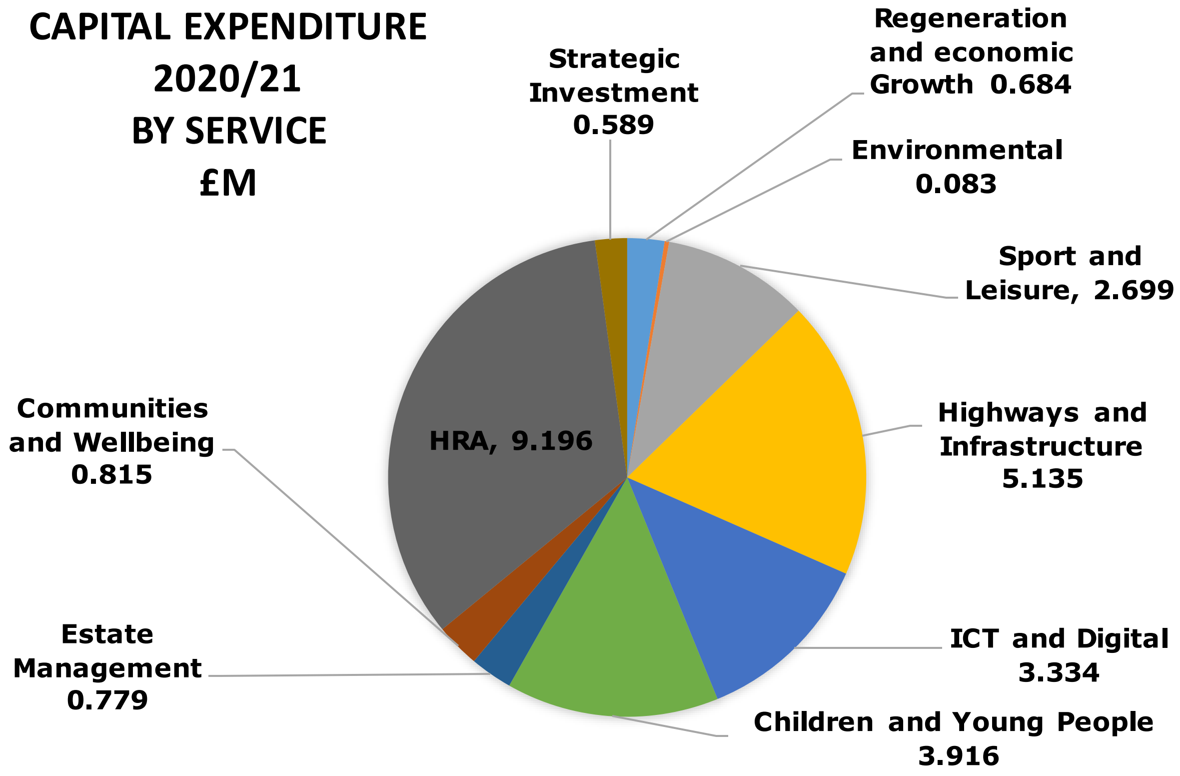
The net value of the funding and expenditure is an underspend of **£13.605m**. This includes a planned underspend of £10.5m to the pooled fund with the CCG to facilitate the release of additional health funding in 2019/20. The additional contribution reverses the planned overspend in 2019/20 that was 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:

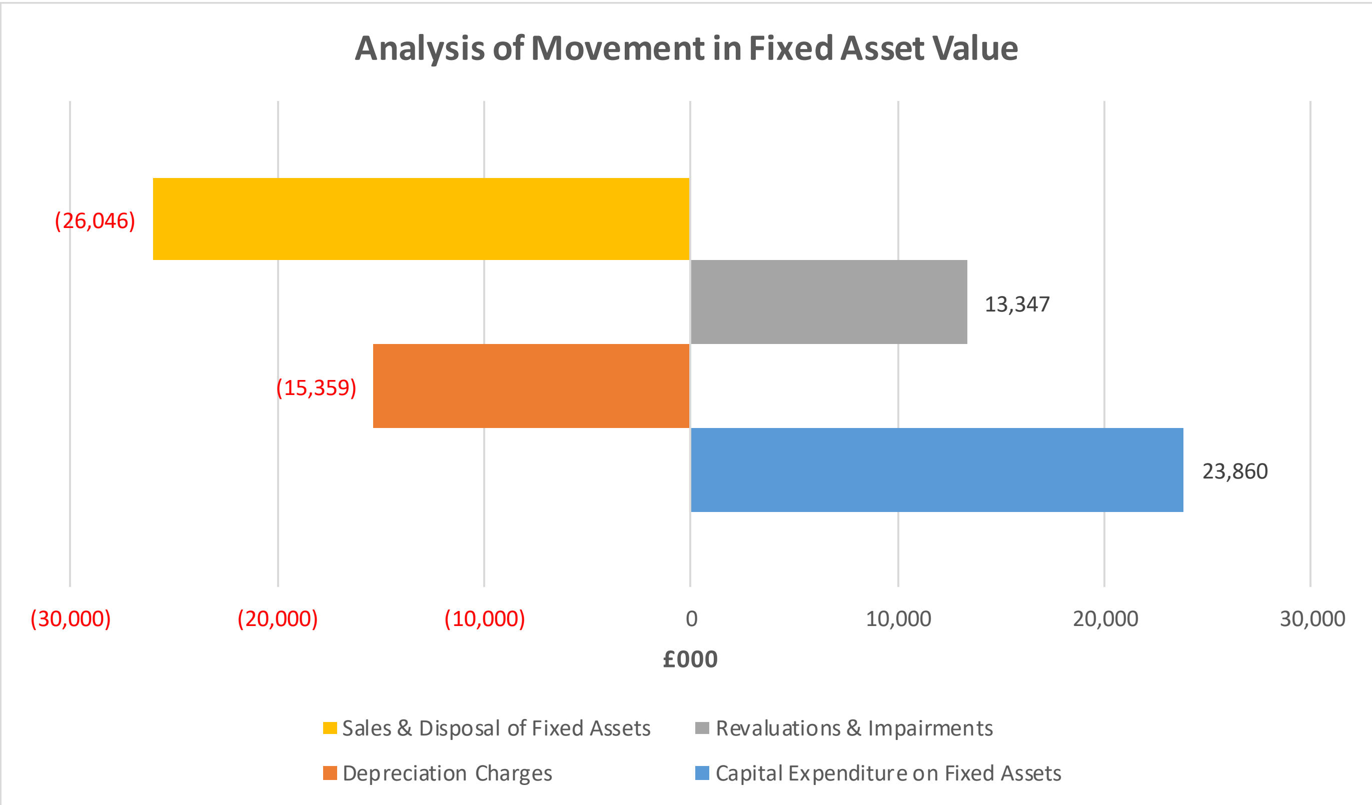


Capital Spending and the value of our assets

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 £594.721m in 2020/21. The main reasons for the decrease are:



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 £125.882m in earmarked reserves. Some of our reserves reflect the fact that the Government allocated grant funding to support Councils manage the financial impact crated 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 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 £28.637m.

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	9,385	36,742	46,127
Fund balance brought forward	(8,888)	(8,602)	(17,490)
Closing Cumulative (surplus) / Deficit carried forward	**497**	**28,140**	**28,637**
Allocated to:			
Bury Council	417	27,859	28,276
GMCA Mayoral General	26	281	307
GMCA Mayoral Police and Crime Commissioner	54	0	54
Total Allocation	**497**	**28,140**	**28,637**

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.

Independent auditor's report to the members of Bury Council

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	Description		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
128,071	(49,821)	78,250	One Commissioning Organisation		107,261	(50,214)	57,047
225,552	(168,765)	56,787	Children, Young People & Culture		208,807	**(169,429)**	39,378
33,077	(14,158)	18,919	Corporate Core Services		32,337	**(11,701)**	20,636
5,950	(37,270)	(31,320)	Non Service Specific		19,409	**(32,583)**	(13,174)
10,388	(6,232)	4,156	Business, Growth & Infrastructure		9,431	**(6,906)**	2,525
56,128	(35,780)	20,348	Operations		45,982	**(20,551)**	25,431
38,930	(38,332)	598	Housing General Fund		39,221	**(35,916)**	3,305
18,611	(30,325)	(11,714)	Housing Revenue Account		5,714	**(31,176)**	(25,462)
516,707	**(380,683)**	**136,024**	**Cost of Services**		**468,162**	**(358,476)**	**109,686**
43,267	(2,055)	41,212	Other Operating Expenditure	5	52,005	(591)	51,414
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	(176,511)	(176,511)
595,692	**(581,322)**	**14,370**	**Surplus or Deficit On Provision of Services**		**549,693**	**(555,711)**	**(6,018)**
		(16,776)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment				(13,872)
		4,980	Impairment Losses on Non-Current assets charged to the Revaluation Reserve				10,080
		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**				**89,764**
		(36,976)	**Total Comprehensive Income & Expenditure**				**83,746**

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

Movement in Reserves Statement

Movement in Reserves Statement 2020/21	Usable 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	Unusable Reserves	Total 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	15,219	-	**15,219**	(21,237)	-	-	-	**(6,018)**	89,764	**83,746**
Adjustments between accounting basis and funding basis under regulations	(112,367)	-	**(112,367)**	19,208	2,085	32	374	**(90,668)**	90,668	**-**
Net (increase) / decrease before transfers to Earmarked Reserves	**(97,148)**	**0**	**(97,148)**	**(2,029)**	**2,085**	**32**	**374**	**(96,686)**	**180,432**	**83,746**
Transfers to/from Earmarked Reserves	73,256	(73,256)	**-**	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year	(23,892)	(73,256)	**(97,148)**	(2,029)	2,085	32	374	**(96,686)**	180,432	**83,746**
Balance at 31 March carried forward	**(30,882)**	**(125,882)**	**(156,764)**	**(10,422)**	**(4,889)**	**(14)**	**(9,608)**	**(181,697)**	**53,763**	**(127,934)**

The following table is provided for comparative purposes:

Movement in Reserves Statement Restated 2019/20	Usable 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	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£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

31st March 2020 £000's	Balance Sheet Description	Note	31st March 2021 £000's
553,206	Property, Plant & Equipment	9	548,374
24,592	Heritage Assets	10	26,353
18,998	Investment Property	11	16,708
2,219	Intangible Assets	12	3,271
32,070	Long Term Investments	13	37,700
31,816	Long Term Debtors	14	44,142
662,901	**LONG TERM ASSETS**		**676,548**
5,269	Short Term Investments	13	521
1,269	Stocks & Work in progress		1,069
58,349	Sundry Debtors & Advance Payments	14	62,997
21,190	Cash and Cash Equivalents	15	11,044
511	Assets Held For Sale	16	622
86,588	**CURRENT ASSETS**		**76,253**
(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	(43,466)
(250)	Revenue Grants In Advance		(73)
(80,889)	**CURRENT LIABILITIES**		**(54,024)**
(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**		**127,934**
85,011	Usable Reserves	20	181,697
126,669	Unusable Reserves	21	(53,763)
211,680	**TOTAL RESERVES**		**127,934**

Cash Flow Statement

Cash Flow Statement	**Note**	**2019/20 £000's**	**2020/21 £000's**
Net surplus or (deficit) on the provision of services		(14,370)	6,018
Adjustment to surplus or deficit on the provision of services for noncash movements		47,376	12,314
Adjust for items included in the net surplus or deficiton the provision of services that are investing and financing activities		(15,868)	(4,358)
Net Cash flows from Operating Activities	22	**17,138**	**13,974**
Net cash flows from Investing Activities	23	(14,764)	(11,526)
Net cash flows from Financing Activities	24	11,989	(12,594)
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**

Index for the Notes to the Core Financial Statements

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:
    - o The Statement of Accounts would be adjusted to reflect such events.
- Conditions arising after the end of the reporting period:
    - o 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 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.

Post-Employment Benefits

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-Service Specific.

• 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.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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, school bank accounts 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 Other Operating 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.

2019/20*				2020/21		
Expenditure Chargeable to General Fund & HRA £000's	Adjustment between Funding & Accounting Basis £000's	Net Expenditure £000's	Expenditure and Funding Analysis	Expenditure Chargeable to General Fund & HRA £000's	Adjustment between Funding & Accounting Basis £000's	Net Expenditure £000's
72,978	5,272	78,250	One Commissioning Organisation	56,234	813	57,047
34,629	22,158	56,787	Children, Young People & Culture	4,990	34,388	39,378
15,131	3,788	18,919	Corporate Core Services	18,828	1,808	20,636
(20,304)	(11,016)	(31,320)	Non Service Specific	(56,090)	42,916	(13,174)
2,289	1,867	4,156	Business, Growth & Infrastructure	1,297	1,228	2,525
15,246	5,102	20,348	Operations	20,340	5,092	25,432
598	0	598	Housing General Fund	3,304	0	3,304
(5,870)	(5,844)	(11,714)	Housing Revenue Account	(6,633)	(18,829)	(25,462)
114,697	**21,327**	**136,024**	**Cost of Services**	**42,270**	**67,416**	**109,686**
(135,482)	13,828	(121,654)	Other Income and Expenditure	(141,447)	25,743	(115,704)
(20,785)	**35,155**	**14,370**	**Surplus or Deficit On Provision of Services**	**(99,177)**	**93,159**	**(6,018)**

*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	(49,949)
Closing General Fund and HRA Balances at 31st March	**(200)**	**(50,149)**

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	143	670	0	813
Children, Young People & Culture	10,010	2,269	22,109	34,388
Corporate Core Services	1,076	784	(52)	1,808
Non Service Specific	(1,318)	0	44,234	42,916
Business, Growth & Infrastructure	1,020	208	0	1,228
Operations	4,031	1,061	0	5,092
Housing General Fund	0	0	0	0
Housing Revenue Account	(18,829)	0	0	(18,829)
Net Cost of Services	**(3,867)**	**4,992**	**66,291**	**67,416**
Other Income & Expenditure From the Expenditure & Funding Analysis	20,053	5,690	0	25,743
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service	**16,187**	**10,682**	**66,291**	**93,159**

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	-	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)	-	-	(11,016)
Business, Growth & Infrastructure	967	890	-	1,857
Operations	4,368	1,585	-	5,953
Housing General Fund	-	-	-	-
Housing Revenue Account	(5,844)	-	-	(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	-	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 Income Analysed 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	2,484	(3,868)
Interest Payment	7,891	7,937
Precepts and levies	40,040	24,855
Housing Capital Receipts Pool Payment	1,529	1,034
Net book value of assets written out on disposal	14,811	26,116
Other expenditure	331,316	320,788
Total Expenditure	**595,692**	**549,693**
Income		
Government grants and contributions	(215,028)	(244,983)
Income from local taxation	(158,371)	(154,460)
Capital receipts on disposed assets	-	(591)
Fees, charges and other service income	(72,068)	(61,348)
Interest and Investment income	(10,792)	(4,234)
Other income	(125,063)	(90,095)
Total Income	**(581,322)**	**(555,711)**
Deficit on the Provision of Services	**14,370**	**(6,018)**

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
Adjustments primarily involving the Pensions reserve												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(44,852)	-	-	-	-	44,852	(28,141)	-	-	-	-	28,141
Employer's pension contributions and direct payments to pensioners payable in the year	17,835	-	-	-	-	(17,835)	17,459	-	-	-	-	(17,459)
Adjustments primarily involving the Financial Instruments Adjustment Reserve												
Financial Instruments	2	-	-	-	-	(2)	2	-	-	-	-	(2)
Adjustments primarily involving the Collection Fund Adjustment Account												
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	5,706	-	-	-	-	(5,706)	(44,235)	-	-	-	-	44,235
Adjustments primarily involving the Accumulated Absences Account												
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	1,120	-	-	-	-	(1,120)	(650)	-	-	-	-	650
Adjustments primarily involving the DSG Adjustment account												

Transfer of Dedicated Schools Grant (DSG) over/(underspend) to the DSG Adjustment Account	-	-	-	-	-	-	(21,407)	-	-	-	-	21,407
Adjustments involving the Capital Adjustment Account: reversal of items debited or credited to the Comprehensive Income and Expenditure statement												
Depreciation, amortisation & impairment of non-current assets	(30,833)	(2,921)	-	-	-	33,754	(15,643)	10,278	-	-	-	5,365
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							(26,376)	409				25,967
Revenue Expenditure Funded from Capital under Statute	(5,106)	-	-	-	-	5,106	(3,369)	-	-	-	-	3,369
Capital grant and contributions unapplied credited to CI&E	10,780		-	-	(10,850)	70	8,553	-	-	-	(489)	(8,064)
Adjustments primarily involving the Capital Receipts Reserve												
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	4,301	718	(5,019)	-	-	-	-	-	(554)	-	-	554
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,931	-	-	(1,931)	-	-	1,605	-	-	(1,605)
Payments to the Government Housing Receipts Pool	(1,529)	-	1,529	-	-	-	(1,034)	-	1,034	-	-	-
Adjustments primarily involving the Major Repairs Reserve												
Use of the Major Repairs reserve to finance capital expenditure	-	-	-	7,136	-	(7,136)	-	-	-	7,358	-	(7,358)
Transfer of Excess of Depreciation over Notional MRA to MRR	-	7,182	-	(7,182)	-	-	-	7,326	-	(7,326)	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure statement												
Statutory provision for the repayment of debt	1,331	-	-	-	-	(1,331)	2,426	-	-	-	-	(2,426)
Capital expenditure financed from revenue balances	246	865	-	-	-	(1,111)	48	1,195	-	-	-	(1,243)
Adjustments primarily involving the Capital Grants unapplied Account												
Application of capital grants to finance capital expenditure	-	-	-	-	11,772	(11,772)	-	-	-	-	863	(863)
Total Adjustment	**(40,999)**	**5,844**	**(1,559)**	**(46)**	**922**	**35,838**	**(112,367)**	**19,208**	**2,085**	**32**	**374**	**90,668**

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	25,525
Contribution of Housing Capital Receipts to Government Pool	1,529	1,034
Levies	24,872	24,855
Total	**41,212**	**51,414**

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 similar charges	7,891	7,937
Interest receivable and similar income	(10,419)	(3,850)
Income and expenditure in relation to investment properties	(352)	(384)
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)	(89,668)
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)**	**(176,511)**

8 Material Items of Income and Expenditure

Individually Material Items of Income & Expenditure Item	2020/21 £000's
Derecognition of School on Academy Conversion - Woodhey High School	17,220
Derecognition of School on Academy Conversion - Prestwich High School	14,073
Total	**31,293**

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.

There were two community high schools that converted to academies in 2020-21. Woodhey and Prestwich High schools were derecognised in the Council's balance sheet. The values are included in the Disposals (building) and Impairments (land) figures in the PPE note.

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 revaluing process. The asset lives have been used in the calculation of depreciation. Land is not depreciated.

- Council Dwellings – Componentised*
- Other Land & Buildings – 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 undertakes a rolling programme of revaluating assets no more than every 5 years, which is carried out by revaluing 20% of the Council's assets each year. In 2019/20 the Council undertook a full revaluation of assets, which was done partly by external valuers Align (80%) with the remaining 20% carried out by our in house valuers. In 2020/21 the Council has returned to its rolling programme and will continue this in 2021/22.

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. There are some assets held at depreciated historical cost in the categories revalued. This is because they were either below the de-minimis level for revaluation or because purchases of new assets and additions to assets, which were below de-minimis during 2020/21, means that they have yet to be revalued. This will take place in subsequent years.

	Vehicles, Plant & Equipment	Surplus	Other Land & Buildings	Infrastructure	Council Dwellings	Community	Assets Under Construction
Depreciated Historical Cost	4,930	1,621	2,983	39,351	-	3,258	4,689
Valued at Current Value as at:							
31st March 2020	1,259	15,554	163,721	-	-	53	-
31st March 2021	-	2,003	42,447	-	266,748	-	-
Net Book Value at 31.3.21	**6,189**	**19,178**	**209,151**	**39,351**	**266,748**	**3,311**	**4,689**

Property, Plant and Equipment Note 2020/21	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 2020	**6,252**	**5,364**	**256,602**	**70,161**	**247,657**	**19,712**	**17,875**	**623,624**
Additions & Acquisitions	4,991	92	7,943	4,450	3,120	261	1,627	**22,484**
Revaluations Recognised in the Revaluation Reserve	-	-	5,161	-	(1,277)	(1)	-	**3,883**
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	-	-	11,684	-	(2,690)	(6)	-	**8,988**
Disposals	(1,299)	-	(1,591)	-	(23,921)	(99)	-	**(26,910)**
Reclassifications & Asset Transfers	(4,987)	-	1,664	1,001	3,453	87	-	**1,218**
Movement in Cost/Valuation	**(1,295)**	**92**	**24,861**	**5,451**	**(21,315)**	**242**	**1,627**	**9,663**
Amount as at 31st March 2021	**4,957**	**5,456**	**281,463**	**75,612**	**226,342**	**19,954**	**19,502**	**633,286**
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	-	-	(7,388)	(1,951)	(4,506)	-	(1,039)	**(14,884)**
Depreciation written out to the Revaluation Reserve	-	-	7,082	-	831	-	-	**7,913**
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	1	-	438	-	-	**439**
Depreciation Written out on Disposal	-	-	30	-	412	-	-	**442**
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)	-	(2,999)	-	-	**(10,080)**
Impairments Recognised in the Surplus/Deficit on the Provision of Services	-	-	(725)	-	(4,785)	-	-	**(5,510)**
Movement in Depreciation & Impairment	-	**-**	**(896)**	**(1,951)**	**(10,609)**	-	**(1,039)**	**(14,495)**
Amount as at 31st March 2021	**(270)**	**(2,146)**	**(14,714)**	**(36,261)**	**(17,190)**	**(775)**	**(13,556)**	**(84,912)**
Opening NBV	**5,982**	**3,218**	**242,784**	**35,851**	**241,076**	**18,937**	**5,358**	**553,206**
Total Movement	**(1,295)**	**92**	**23,965**	**3,500**	**(31,924)**	**242**	**588**	**(4,832)**
Closing NBV	**4,687**	**3,310**	**266,749**	**39,351**	**209,152**	**19,179**	**5,946**	**548,374**

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	-	-	-	-	-	-	-	**-**
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	-	(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) Recognised in the Revaluation Reserve	-	1,762	-	1,762
Additions	-	-	-	-
31 March 2021	**31**	**25,693**	**629**	**26,353**

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)	(497)
Direct operating expenses arising from investment property	99	113
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	-	(57)
Reclassifications of Assets	(19)	(1,580)
Net Gain (Loss) from fair value adjustment	254	(739)
At 31 March	**18,997**	**16,708**

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 it 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	1,290
Reclassifications in Year	236
Amortisation in Year	(474)
Balance at 31 March 2021	**3,271**

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		
	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2020	31st March 2021	31st March 2021
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£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	40,728	40,728
Amortised Cost Total	0	0	31,816	44,142	26,459	11,565	40,085	40,728	96,435
Fair Value through other comprehensive income - designated equity instruments									0
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	40,728	134,135
Non - Financial Assets							18,264	22,269	22,269
Total	**32,070**	**37,700**	**31,816**	**44,142**	**26,459**	**11,565**	**58,349**	**62,997**	**156,404**

Financial Liabilities

Financial Liabilities	Non-Current Borrowings 31st March 2020 £000's	Non-Current Borrowings 31st March 2021 £000's	Current Borrowings 31st March 2020 £000's	Current Borrowings 31st March 2021 £000's	Current Creditors 31st March 2020 £000's	Current Creditors 31st March 2021 £000's	Total 31st March 2021 £000's
Amortised Cost							
Borrowings - PWLB	145,716	145,526	186	190			145,716
Borrowings - Market Debt	48,000	55,300	1000	5,000			60,300
Borrowings - Temporary Loans			21,000	0	1	0	0
Loans Accrued Interest			1,253	1,202			1,202
Market Loans Effective Interest Rate Adjustment	271	269					269
PFI, Finance lease and transferred debt	1,915	997					997
Creditors					35,853	28,430	28,430
Total Financial Liabilities	195,902	202,092	23,439	6,392	35,854	28,430	236,914
Non - Financial Liabilities					15,543	15,036	15,036
Total	**195,902**	**202,092**	**23,439**	**6,392**	**51,397**	**43,466**	**251,950**

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 £000's	Fair Value £000's	Change in fair value during 2020/21 £000's	Dividend 2020/21 £000's
Manchester Airport Shares	10,214	32,000	1,800	-
Manchester Airport Car Park (1) Limited	5,610	5,700	90	-

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	(22,500)	(22,500)	0	1,890	1,890
Total net gains / (losses)	**0**	**(22,500)**	(22,500)	**0**	**1,890**	1,890
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
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 £000's	Fair value £000's	Carrying amount £000's	Fair value £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	28,430	28,430
Financial liabilities	**253,279**	**311,200**	**235,917**	**293,168**

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 £000's	Fair value £000's	Carrying amount £000's	Fair value £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	40,728	40,728
Long-term Debtors	31,816	71,235	44,142	110,046
Financial Assets	**98,360**	**137,800**	**96,435**	**162,339**

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 **Recurring fair value measurements using:**	**Other significant observable inputs (Level 2)** **£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 **Recurring fair value measurements using:**	**Other significant observable inputs (Level 2)** **£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.

The Council does not generally invest in quoted equity shares where there is an active market. It does have a shareholdings valued at £32.070m in the Manchester Airport Group. The Council is therefore exposed to the risk of a loss in the valuation of its investments arising as a result of poor performance by the Group. The Council would not normally attempt to spread its risk by diversifying its portfolio.

Expected Credit Loss Model

The Council recognises expected credit losses on all 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.

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 £000's	Historical experience of default %	Historical experience adjusted for market conditions as at 31 March 2021 %	Estimated maximum exposure to default and uncollectability £000s
Deposits with banks and other financial institutions	52,293	0.00%	0.00%	0
Bonds and other securities	0	0.00%	0.00%	0
Sundry Debtors	62,997	0.24%	0.24%	151
Total	**115,290**			**151**

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	-	-
Between 1 and 2 years	-	-
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).

While the terms of the LOBO state that loans could be recalled within 12 months; this has never happened and is something we deem to be highly unlikely. We have therefore taken the decision to disclose these as long-term liabilities as they are very likely to be on our balance sheet for a period of greater than 12 months and so the classification of long-term creditors provides the most realistic status of these loans to the users of the accounts.

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	-
Impact on Other Comprehensive Income and Expenditure	**-**
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	2020/21 £000
Central Government Bodies	5,911	2,649
Other Local Authorities	(224,920)	1,505
NHS Bodies	6,817	6,457
Payments in Advance	4,112	2,779
Capital Debtors	2,347	695
Collection Fund	23,930	32,053
Bodies External to General Government	255,998	36,978
Gross Debtors Total	**74,195**	**83,116**
Less : Impairment allowance for bad and doubtful debts	(15,846)	(20,119)
Net Debtors	**58,349**	**62,997**

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	32,888
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**	**44,142**

15 Cash and Cash Equivalents

Cash and Cash Equivalents	2019/20 £000's	2020/21 £000's
Cash held by the Authority	79	71
School Bank Accounts	42	796
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	-
Disposals	-	-
Revaluations Recognised in the Revaluation Reserve	(48)	(2)
Revaluations Recognised in CIES	177	(12)
Reclassifications & Asset Transfers	(2,708)	125
Movements in Year	**(2,499)**	**111**
Balance as 31st March	**511**	**622**

17 Analysis of Creditors

The Council's creditors are as follows:

Analysis of Creditors	2019/20 £000	2020/21 £000
Central Government Bodies	(1,293)	(7,584)
Other Local Authorities	(5,998)	(3,912)
NHS Bodies	(211)	(105)
Income in Advance	(5,530)	(5,435)
Capital Creditors	(3,014)	(5,995)
Collection Fund	(8,742)	(7,019)
Bodies External to General Government	(26,610)	(13,416)
Total	**(51,397)**	**(43,466)**

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 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	44,852	28,141
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 £000	2020/21 £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 £000	2020/21 £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 Quoted Prices in active markets £000	Quoted Prices not in active markets £000	TOTAL £000	Percentage of Total Assets	Period Ended 31 March 2021 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%
UK Government	-	-	-	0%	-	-	-	0%
Other	22,310	-	22,310	3%	10,929	-	10,929	1%
Private Equity				0%				0%
All	-	35,713	35,713	5%	-	50,075	50,075	6%
Real Estate				0%				0%
UK Property	-	29,147	29,147	4%	-	31,436	31,436	4%
Overseas Property	-	-	-	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	-	33,559	33,559	5%	-	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%	(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.

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	-	(91)	**(91)**
Amounts used in 2020/21	-	-	**-**
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	-	(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 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	4,889
Capital Grants Unapplied	9,982	9,608
General Fund	6,990	30,881
Housing Revenue Account	8,393	10,422
Dedicated Schools Grant	(15,182)	8,846
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 2021	**85,011**	**181,696**

20.2 General Fund Balance

General Fund Balance	General Fund £000's
Balance at 31st March 2020	**6,990**
(Surplus)/Deficit for the Year	23,324
Planned Contribution to General Fund	567
Balance at 31st March 2021	**30,881**

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.

20.3 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	Transfer to DSG Adj Account £000's	Restated balances at 1st April 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**	-	-	**49**	-	**49**	-	-	**49**
- Climate Change	**150**	-	-	**150**	-	**150**	-	-	**150**
- Culture	**43**	37	(40)	**40**	-	**40**	44	-	**84**
- Corporate	**2,004**	-	(83)	**1,921**	-	**1,921**	103	-	**2,024**
- Adults Social Care Transformation	**1,947**	-	(700)	**1,247**	-	**1,247**	-	-	**1,247**
- Childrens Social Care Transformation	-	120	(26)	**94**	-	**94**	245	-	**339**
- Homelessness	**23**	964	-	**987**	-	**987**	50	-	**1,037**
- Housing	**117**	6	-	**123**	-	**123**	-	-	**123**
- Skills	**2,086**	-	-	**2,086**	-	**2,086**	618	-	**2,704**
- ICT	**931**	210	(248)	**893**	-	**893**	108	(51)	**950**
- Council Transformation	**879**	220	(893)	**206**	-	**206**	5,800	(700)	**5,306**
COVID-19 Related Grants	-	-	-	-	-	-	10,523	-	**10,523**
Management of Financial Risk - Directorate	**703**	364	(74)	**993**	-	**993**	2,720	(201)	**3,512**
Volatility and Fiscal Mitigation	**12,007**	23,200	(5,533)	**29,674**	-	**29,674**	7,422	-	**37,096**
Earmarked External Funding	**4,030**	14,590	(1,098)	**17,522**	-	**17,522**	36,305	(14,040)	**39,787**
Investment Funds	**3,092**	178	-	**3,270**	-	**3,270**	36	-	**3,306**
Sub-Total	**28,061**	**39,889**	**(8,695)**	**59,255**	**-**	**59,255**	**63,974**	**(14,992)**	**108,237**
Section 106 Commuted Sums	**3,953**	329	(242)	**4,040**	-	**4,040**	425	(179)	**4,286**
Manchester Airport Share Reserve	**10,214**	-	(5,701)	**4,513**	-	**4,513**	-	-	**4,513**
Schools Reserve	**(9,677)**	-	(5,505)	**(15,182)**	**20,067**	**4,885**	8,845	(4,884)	**8,846**
Total Earmarked Reserves	**32,551**	**40,218**	**(20,143)**	**52,626**	**20,067**	**72,693**	**73,244**	**(20,055)**	**125,882**

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

Schools Reserve – This includes the balances held by schools under the scheme of delegation.

21 Unusable Reserve

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

Summary of Unusable Reserves

Reserve	2019/20 £000's	2020/21 £000's
Financial Instruments Adjustment Reserve	(272)	(270)
Financial Instruments Revaluation Reserve	19,986	21,876
Collection fund Adjustment Account	15,960	(28,275)
Accumulated Absences	(4,130)	(4,781)
Pension Reserve	(250,464)	(356,592)
DSG Adjustment Account	-	(21,407)
Capital Adjustment Account	221,462	219,148
Deferred Capital Receipts	(1)	(1)
Revaluation Reserve	124,128	116,540
Balance at 31st March	**(126,669)**	**(53,760)**

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	8,635
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(15,807)	(4,843)
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	**11,794**	**3,792**
Difference between fair value depreciation and historical cost depreciation	(916)	(1,213)
Accumulated gains on assets sold or scrapped	(1,481)	(10,167)
Amount written off to the capital adjustment account	**(2,397)**	**(11,380)**
Balance at 31 March	**124,128**	**116,540**

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)	(14,018)
Revaluation losses on Property, Plant and Equipment	594	10,343
Amortisation of intangible assets	(428)	(474)
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)	(26,521)
Adjusting amounts written out of the Revaluation Reserve	1,481	10,166
Repayment of Long Term Debtors	(1)	(1)
Net written out amount of the cost of non-current assets consumed in the year	**(42,232)**	**(23,874)**
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	1,931	1,605
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		8,066
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**	**219,148**

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	15,960	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	-	(44,235)
Total	**15,960**	**(28,275)**

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	(95,446)
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)**	**(356,592)**

21.9 Dedicated Schools Grant (DSG) Adjustment Account

On the 6 November 2020, the Secretary of State for the Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect ofseparating schools budget deficits from the Councils' general fund for a period of three financial years.

This issue can only be fully resolved by closing the deficits. Therefore, the accounting treatment introduced by this regulation is limited to the financial reporting periods 2020/21, 2021/22 and 2022/23 to provide time for Government and the Council to look at budgetary and financial management strategies to reduce the deficit.

Dedicated Schools Grant (DSG) Adjustment Account	2019/20 £000's	2020/21 £000's
Balance at 1 April	-	-
DSG Opening balance	-	(20,067)
Restated Opening Balance	-	**(20,067)**
In year DSG (over)/under spend	-	(1,340)
Balance at 31 March	**-**	**(21,407)**

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)	(7,939)
Dividends received	6,429	-

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	14,018
Impairment and downward valuations	(822)	(4,452)
Amortisation	428	474
Movement in contract assets, liabilities and costs (IFRS 15)	-	-
Deferred revenue/ deferred payment agreements (IFRS 15)	-	-
Increase/(decrease) in impairment for bad debts	-	-
Increase/(decrease) in creditors	13,262	(9,377)
(Increase)/decrease in debtors	(13,314)	(18,597)
(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	26,521
Other non-cash items charged to the net surplus or deficit on the provision of services	(11,170)	(2,163)
	47,376	**12,314**

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	-	(3,740)
Other payments for investing activities	-	-
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	-	-
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	-	-
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)	-	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	22,484
Investment Assets	-	87
Heritage Assets	-	-
Revenue Expenditure Funded from Capital Under Statute	5,106	3,369
Long Term Investment	1,870	3,740
Intangible Assets	208	1,290
Long Term Debtors	-	9,677
Assets Held for Sale	80	-
Source of Finance		
Capital Receipts	(1,931)	(1,605)
Government Grants And Other Contributions	(20,145)	(16,191)
Sums Set aside from Revenue	(1,331)	(3,669)
Closing Capital Financing Requirement	**259,305**	**278,487**
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	21,607
Assets Acquired Under Finance Leases	-	-
Minimum Revenue Provision and other repayments in the year	(1,331)	(2,426)
Increase in Capital Financing Requirement	**7,406**	**19,181**

Capital commitments as at 31st March 2021 total £5m and include:

Scheme	£m
ICT Projects	0.11
GM Full Fibre	1.93
Estate Management – Corporate Landlord	0.01
Vehicle Replacement Strategy	1.90
Older People	0.01
Regeneration	0.03
Housing Development	1.02
Total	**5.00**

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 les £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 (ESFA), 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 Expenditu re	Individual Schools Budget	Total
Note		**£000**	**£000**	**£000**
A	Final DSG before academy recoupment			(177,641)
B	Academy Recoupment			45,959
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	(6,000)		(6,000)
H	**Final budget distribution**	**(34,375)**	**(99,667)**	**(134,042)**
I	Less: Central expenditure	35,715	-	35,715
J	Less: ISB deployed to schools	-	99,667	99,667
K	**Carried forward**	**1,340**	**-**	**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.

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	2020/21 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	115	109
Total	**115**	**109**

30 Grant Income Credited to Services

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

Grant Income Credited to Services	2019/20 £000's	2020/21 £000's
Dedicated Schools Grant (DSG)	(134,838)	(134,042)
Pupil Premium Grant	(6,527)	(5,899)
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	-	(9,847)
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:

Operating Leases - Lessor	2019/20	2020/21
	£000's	£000's
Not later than one year	3,145	3,175
Later than one year and not later than five years	10,429	9,403
Later than five years	126,192	131,651
Total	**149,765**	**144,229**

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 - Lessee	Land and Buildings	Vehicles, Plant and Equipment
	£000's	£000's
Not later than one year	1,342	75
Later than one year and not later than five years	4,946	-
Later than five years	12,450	-
Total	**18,738**	**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 - Lessee	31st March 2020	31st March 2021
	£000's	£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	-	-	-	-
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	609	651
Expenses	2	1
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					Note
	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					-	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) / Director of Financial Transformation (Interim)	95				95	302				302	L
Joint Chief Finance Officer					-					-	M
Executive Director: Resources & Regulation (Interim)	53			4	57					-	N

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 £151,000 for this role (April 2020 to September 2020) and £151,000 for the role of Interim Director of Financial Transformation (October 2020 to March 2021). Both roles were paid via an agency.

M: The Joint Chief Finance Officer is the appointed Section 151 Officer for the Council, the post is remunerated through Bury NHS CCG. His annual salary falls within a range of £110,000 and £115,000. He left the post of Joint Chief Finance Officer of the Council and CCG on 31 January 2021. No recharge was paid to NHS Bury CCG during 2020/21.

N: The post of Interim Executive Director for Resources and Regulation was deleted in May 2019.

33.2 The number of employees, including senior employees (in Table 33.1 above) and 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	-	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	-	-	-
£100,001 - £105,000	-	-	2	1
£105,001 - £110,000	-	1	-	2
£110,001 - £115,000	-	-	-	-
£115,001 - £120,000	-	-	2	-
£120,001 - £125,000	-	-	-	-
£125,001 - £130,000	-	-	-	1
£130,001 - £135,000	-	-	1	-
£135,001 - £140,000	-	-	1	1
£140,001 - £175,000	-	-	-	-
£175,001 - £180,000	-	-	1	-
£180,001 - £185,000	-	-	-	-
£185,001 - £190,000	-	-	-	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	-	10	15
£75,001 - £80,000	1	-	3	4
£80,001 - £85,000	-	1	-	1
£85,001 - £90,000	-	-	4	4
£90,001 - £95,000	-	-	1	1
£95,001 - £100,000	-	-	1	1
£100,001 - £105,000	-	-	-	-
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	-	-	49	6	49	6	1339	165
£40,001 - £60,000	-	-	2	-	2	-	88	-
£60,001 - £80,000	-	-	1	1	1	1	71	70
£80,001 - £100,000	-	-	1	-	1	-	87	-
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 £'000s**	**2020/21 £'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	2020/21
	£000's	£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.

Related Party Transactions	2019/20				2020/21			
	Receipts	Payments Management Fee	Payments Other	Outstanding Balances / Commitments	Receipts	Payments Management Fee	Payments Other	Outstanding Balances / Commitments
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Subsidiaries								
Six Town Housing Ltd.,	(12,771)	13,059	5,565	(3,308)	(11,750)	13,059	5,929	(5,613)
Persona Group Ltd., Persona Care and Support Ltd.,	(762)	11,320	504	2	(669)	12,075	1,578	(62)
Bury MBC Townside Fields Ltd.,	(347)	-	-	(347)	(344)	-	-	(165)
Total	**(13,880)**	**24,379**	**6,069**	**(3,653)**	**(12,763)**	**25,133**	**7,507**	**(5,840)**

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 profit of £0.036m compared to a deficit of £1.204m 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 £0.733m 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 schools land and buildings on its Balance Sheet where it directly owns the assets. 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	4	3	29
Voluntary Controlled (VC)	-	7	-	-	7
Voluntary Aided (VA)	-	18	2	-	20
Foundation	-	1	-	-	1
Total Maintained	**1**	**47**	**6**	**3**	**57**
Academies	-	17	7	1	25
Total Schools and Academies	**1**	**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 29 community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. The Council recognises on its Balance Sheet the playing fields located within the boundaries of Voluntary Aided and Voluntary Controlled schools that remain in the control of the Council.

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 are 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.

Borrowing – Lender Option Borrower Option (LOBO) Loans

The LOBO maturity profile assumes that the lender will not exercise their option until maturity particularly given the current low interest rate environment. Therefore, we have taken the decision to disclose these as long-term liabilities.

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.

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.

38 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director of Finance on 29 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)	(29,896)
Non-Dwelling Rents		(208)	(170)
Charges for Services and Facilities		(969)	(971)
Contributions towards expenditure		(89)	(139)
Total Income		**(30,325)**	**(31,176)**
Expenditure			
Repairs and Maintenance		6,864	6,877
Supervision and Management		8,305	8,812
Rents, Rates, taxes & other charges		57	28
Depreciation and Impairment of Property, Plant & Equipment	5,6	9,929	(10,287)
Revaluation (gains) / losses on non-current assets		(7,008)	9
Debt management costs		45	39
Increased Provision for Bad & Doubtful Debts	8	419	236
Total Expenditure		**18,611**	**5,714**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		**(11,714)**	**(25,462)**
HRA services share of Corporate and Democratic Core		400	0
Net Cost of HRA Services		**(11,314)**	**(25,462)**
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)	(410)
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)**	**(21,239)**

Statement of Movement on 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)	(21,237)
Adjustments between accounting basis and funding basis under statute	5,844	19,208
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)	15,470
Minimum Revenue Provision	0	0
Gain or loss on sale of HRA fixed assets	718	410
Capital Expenditure funded by the HRA	865	1,195
Transfer to Major Repairs Reserve	7,182	7,326
Net Adjustment	**5,844**	**24,401**

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	**-**	**46**
Transferred to MRR during the year	7,182	7,326
Credit in respect of General Fund depreciation	-	-
Transferred from MRR to HRA during the year	-	-
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	-	-
Revenue contributions	865	1,195
Capital receipts	-	-
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	7,806
Shops, Offices and Garage Colonies	-	-
Total	**2,735**	**7,806**

7. Revenue Expenditure Funded From Capital Under Statute

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

8. Rent Arrears / Impairment Allowance

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.

Impairment Allowance

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

The Collection Fund

Collection Fund Statement:

Income and Expenditure Account	Note	2019/20 Total £000'S	2020/21 Council Tax £000's	2020/21 NNDR £000'S	2020/21 Total £000's
Income					
Council Tax	1	(103,868)	(108,058)	-	(108,058)
Council Tax Annexe Grant		-	-	-	-
Transitional Relief		-	-	-	-
Business Rates Receivable	2	(50,236)	-	(23,189)	(23,189)
Business Rates Transitional Protection Payments		281		920	920
Contributions towards previous year's deficit					
Bury MBC		(1,949)	-	-	-
Central Government		-	-	-	-
Greater Manchester Fire & Civil Defense Authority		(20)	-	-	-
Total Income		**(155,792)**	**(108,058)**	**(22,269)**	**(130,327)**
Expenditure					
Precepts and Demands on Collection Fund					
Bury		129,915	89,021	51,266	140,287
Police		10,629	11,503	-	11,503
Fire		4,598	5,022	518	5,540
Central Government		-	-	-	-
Cost of Collection		235	-	232	232
Bad Debts					
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)	-	(3,021)	(3,021)
Transfer of Surplus					
Police		545	968	-	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**	**28,637**

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 Gross Expenditure £000's	2019/20 Gross Income £000's	2019/20 Net Expenditure £000's	Group Comprehensive Income and Expenditure Statement	2020/21 Gross Expenditure £000's	2020/21 Gross Income £000's	2020/21 Net Expenditure £000's
145,307	(62,677)	82,630	Communities & Wellbeing	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	Resources & Regulation	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	(176,511)	(176,511)
		15,079	**Surplus or Deficit On Provision of Services**			**1,962**
		(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)	Acturial (gains)/losses on Pension assets & liabilities			109,313
		(61,698)	**Total Other Comprehensive Income & Expenditure**			**106,236**
		(46,619)	**Total Comprehensive Income & Expenditure**			**108,198**

Group Movement in Reserves Statement

Group Movement in Reserves Statement	Usable Reserves							Council Unusable Reserves £000's	Subsidiary Entities Unusable Reserves £000's	Total Unusable Reserves £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	Subsidiary Entity Reserves £000's	Total Usable Reserves £000's				
Balance at 1 April Brought Forward	**(59,616)**	**(8,393)**	**(6,974)**	**(46)**	**(9,982)**	**(10,265)**	**(95,276)**	**(126,669)**	9,252	**(117,417)**	**(212,693)**
Movement in reserves during 2020/21											
Total Comprehensive Income and Expenditure	15,219	(21,237)	0	0	0	149	**(5,869)**	89,764	13,866	**103,630**	**97,761**
Adjustments between accounting basis and funding basis under regulations	(112,367)	19,208	2,085	32	374		**(90,668)**	90,668		**90,668**	**0**
Net (increase)/decrease before transfers to Earmarked Reserves	**(97,148)**	**(2,029)**	**2,085**	**32**	**374**	**149**	**(96,537)**	**180,432**	**13,866**	**194,298**	**97,761**
Transfers to/from Earmarked Reserves						(936)	**(936)**		936	**936**	**0**
(Increase)/Decrease in Year	(97,148)	(2,029)	2,085	32	374	(787)	**(97,473)**	180,432	14,802	**195,234**	**97,761**
Balance at 31 March carried forward	**(156,764)**	**(10,422)**	**(4,889)**	**(14)**	**(9,608)**	**(11,052)**	**(192,749)**	**53,763**	**24,054**	**77,817**	**(114,932)**

Group Balance Sheet

31st March 2020 £000's	Group Balance Sheet Description	31st March 2021 £000's
562,985	Property, Plant & Equipment	557,906
24,592	Heritage Assets	26,353
26,638	Investment Property	24,168
2,656	Intangible Assets	3,597
32,070	Long term Investments	30,443
21,262	Long term debtors	40,952
670,202	**Long term assets**	**683,419**
5,269	Short Term Investments	521
1,377	Stocks & Work in progress	1,177
53,035	Sundry Debtors & Advance Payments	56,972
30,335	Cash and Cash Equivilents	21,051
511	Assets Held For Sale	622
90,527	**Current Assets**	**80,343**
(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	(40,559)
(250)	Revenue Grants Receipts In Advance	(73)
(78,790)	**Current Liabilities**	**(51,117)**
(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**	**114,932**
85,011	**Usable Reserves**	192,749
126,669	**Unusable Reserves**	(77,817)
211,680	**Total Reserves**	**114,932**

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)	1,962
Adjustment to surplus or deficit on the provision of services for noncash movements	48,882	17,555
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**	**15,163**
Net cash flows from Investing Activities	(14,897)	(11,659)
Net cash flows from Financing Activities	11,883	(12,788)
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	-

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)	6,640
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	**17,555**

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)	-	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	-	(3,740)
Other payments for investing activities	-	-
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	-	-
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	-	-
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)	(1,827)
Net cash flows from financing activities	**11,883**	**(12,788)**

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	-
		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	-	-	-	**1.140**
Mortgage Rescue	18.0	-	0.410	0.166	0.000	**0.576**
AGMA Loans	25.0	-	-	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. 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.

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**	**267,381**	**70,161**	**247,657**	**19,712**	**18,412**	**634,939**
Additions & Acquisitions	4,991	92	7,948	4,450	3,120	261	1,690	**22,552**
Revaluations Recognised in the Revaluation Reserve	-	-	5,161	-	(1,277)	(1)	-	**3,883**
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	-	-	11,684	-	(2,690)	(6)	-	**8.988**
Disposals	(1,299)	-	(1,591)	-	(23,921)	(99)	-	**(26,910)**
Reclassifications & Asset Transfers	(4,987)	-	1,664	1,001	3,453	87	-	**1,218**
Movement in Cost/Valuation	**(1,295)**	**92**	**24,866**	**5,451**	**(21,315)**	**242**	**1,690**	**9,731**
Amount as at 31st March 2021	**4,957**	**5,456**	**292,247**	**75,612**	**226,342**	**19,954**	**20,102**	**644,670**
Accumulated Depreciation & Impairments as at 1st April 2020	**(270)**	**(2,146)**	**(15,117)**	**(34,310)**	**(6,581)**	**(775)**	**(12,775)**	**(71,954)**
Depreciation charged in year	-	-	(7,634)	(1,951)	(4,506)	-	(1,108)	**(15,199)**
Depreciation written out to the Revaluation Reserve	-	-	7,082	-	831	-	-	**7,913**
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	1	-	438	-	-	**439**
Depreciation Written out on Disposal	-	-	30	-	412	-	-	**442**
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)	-	(2,999)	-	-	**(10,080)**
Impairments Recognised in the Surplus/Deficit on the Provision of Services	-	-	(725)	-	(4,785)	-	-	**(5,510)**
Movement in Depreciation & Impairment	**0**	**0**	**(1,142)**	**(1,951)**	**(10,609)**	**-**	**(1,108)**	**(14,810)**
Amount as at 31st March 2021	**(270)**	**(2,146)**	**(16,259)**	**(36,261)**	**(17,190)**	**(775)**	**(13,863)**	**(86,764)**
Opening NBV	**5,982**	**3,218**	**252,264**	**35,851**	**241,076**	**18,937**	**5,657**	**562,985**
Total Movement	**(1,295)**	**92**	**23,724**	**3,500**	**(31,924)**	**242**	**582**	**(5,079)**
Closing NBV	**4,687**	**3,310**	**275,988**	**39,351**	**209,152**	**19,179**	**6,239**	**557,906**

Property, Plant and Equipment Note 2019/20	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 2019	**6,297**	**5,095**	**264,373**	**61,966**	**257,257**	**30,689**	**15,403**	**641,080**
Additions & Acquisitions	2,085	303	7,819	8,193	4,163	271	2,707	**25,541**
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)	(42)	**(21,509)**
Reclassifications & Asset Transfers	(2,130)	-	1,412	2	20,233	(18,590)	1,680	**2,607**
Movement in Cost/Valuation	**(45)**	**269**	**3,008**	**8,195**	**(9,600)**	**(10,977)**	**3,010**	**(6,140)**
Amount as at 31st March 2020	**6,252**	**5,364**	**267,381**	**70,161**	**247,657**	**19,712**	**18,413**	**634,940**
Accumulated Depreciation & Impairments as at 1st April 2019	**(126)**	**(2,112)**	**(18,422)**	**(30,493)**	**(13,577)**	**(775)**	**(12,590)**	**(78,095)**
Depreciation charged in year	-	-	(7,439)	(2,199)	(4,588)	-	(489)	**(14,715)**
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	-	12	**641**
Reclassifications & Asset Transfers	-	-	-	-	-	-	-	**-**
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)**	3,305	**(3,817)**	**6,996**	**0**	**(166)**	**6,140**
Amount as at 31st March 2020	**(270)**	**(2,146)**	**(15,117)**	**(34,310)**	**(6,581)**	**(775)**	**(12,756)**	**(71,955)**
Opening NBV	**6,171**	**2,983**	**245,951**	**31,473**	**243,680**	**29,914**	**2,813**	**562,985**
Total Movement	**(189)**	**235**	**6,313**	**4,378**	**(2,604)**	**(10,977)**	**2,844**	**-**
Closing NBV	**5,982**	**3,218**	**252,264**	**35,851**	**241,076**	**18,937**	**5,657**	**562,985**

4. Pensions

Employees of Bury Council and Six Town Housing Limited are enrolled in the Greater Manchester Pension Fund. Employees of Persona Care and Support Limited who retain protected employment rights prior to 1st October 2015 are also enrolled in the Greater Manchester Pension Fund.

Each entity accounts individually for its net defined benefit cost and the resultant asset or liability.

The single entity also participates in the Teachers' Pension Scheme and the NHS Pensions scheme, details of which are given in the single entity statements Note 18.

Newer employees of Persona Care and Support Limited are enrolled in a defined contribution pension scheme. The pensions charge for the year ended 31 March 2021 was £0.152m (31 March 2020 - £0.152m).

The underlying assets and liabilities for retirement benefits attributable to the Group participation in the Greater Manchester Pension Fund as at 31 March are as follows:

	GMPF (Bury Council) £000	GMPF (Six Town Housing) £000	GMPF (Persona Care & Support) £000	Teachers' Discretionary Benefit £000	31 Mar 2021 Total £000	31 Mar 2020 Total £000
Estimated Employers' Assets	841,328	47,657	37,198		926,183	759,991
Present Value of Scheme Liabilities	(1,183,950)	(62,156)	(48,419)	(13,970)	(1,308,495)	(1,021,416)
Net Pension (Liability)/Asset	(342,622)	(14,499)	(11,221)	(13,970)	(382,312)	(261,425)

The characteristics of the GMPF are set out in the single entity statements Note 18.

For Six Town Housing and for Persona Care & Support, the main financial assumptions are 2.8% for pensions increases (31 March 2020 - 1.8%); 3.55% for salary increases (31 March 2020 - 2.6%) and a discount rate of 2.05% (31 March 2020 - 2.3%).

The major categories of group company plan assets as a percentage of total plan assets is as follows:

	31 March 2021 %	31 March 2020 %
Equities	72	69
Bonds	12	15
Property	7	7
Cash	9	9
	100	100

A reconciliation of the group position on the Greater Manchester pension fund is set out below:

	Period ended 31 March 2021			Period ended 31 March 2020		
Changes in the Fair Value of Plan Assets	**Net (liability)/ Assets £000**	**Assets £000**	**Obligations £000**	Net (liability)/ Assets £000	Assets £000	Obligations £000
Fair Value of Employer Assets	759,991	759,991	0	849,831	849,831	0
Present value of funded liabilities	(992,028)	0	(992,028)	(1,119,763)	0	(1,119,763)
Present value of unfunded liabilities	(29,388)	0	(29,388)	(35,226)	0	(35,226)
Opening position	(261,425)	759,991	(1,021,416)	(305,158)	849,831	(1,154,989)
Service Costs:						
- current service cost*	(28,608)	0	(28,608)	(37,777)	0	(37,777)
- past service costs (including curtailments)	2,955	0	2,955	(4,707)	0	(4,707)
Total service cost	(25,653)	0	(25,653)	(42,484)	0	(42,484)
Net Interest:						
- interest income on plan assets	17,488	17,488	0	20,367	20,367	0
- interest cost on defined benefit obligation	(23,446)	0	(23,446)	(27,926)	0	(27,926)
Total net interest	(5,958)	17,488	(23,446)	(7,559)	20,367	(27,926)
Total defined benefit cost recognised in Profit or (Loss)	(31,611)	17,488	(49,099)	(50,043)	20,367	(70,410)
Cashflows:						
- Contributions from Members	0	5,301	(5,301)	0	5,350	(5,350)
- Contributions from Employer	17,152	17,152	0	17,396	17,396	0
- Contributions in respect of unfunded benefits	2,509	2,509	0	2,597	2,597	0
- Benefits paid	(348)	(28,619)	28,271	0	(28,617)	28,617
- Unfunded benefits paid	0	(2,509)	2,509	0	(2,597)	2,597
Cashflows	19,313	(6,166)	25,479	19,993	(5,871)	25,864
Expected closing position	(273,723)	771,313	(1,045,036)	(335,208)	864,327	(1,199,535)
Remeasurements:						
- Changes in demographic assumptions	(6,417)	0	(6,417)	31,296	0	31,296
- Changes in financial assumptions	(265,619)	0	(265,619)	95,364	0	95,364
- Other experience	8,577	0	8,577	51,459	0	51,459
- Return on assets excluding amounts included in net interest	154,870	154,870	0	(104,336)	(104,336)	0
Total Remeasurements recognised in CIES	(108,589)	154,870	(263,459)	73,783	(104,336)	178,119
Fair Value of Employer Assets	926,183	926,183	0	759,991	759,991	0
Present Value of Funded liabilities	(1,278,404)	0	(1,278,404)	(992,028)	0	(992,028)
Present Value of Unfunded liabilities	(30,091)	0	(30,091)	(29,388)	0	(29,388)
Closing Position as at 31 March 2021	(382,312)	926,183	(1,308,495)	(261,425)	759,991	(1,021,416)

5. Cash and Cash Equivalents

Cash and Cash Equivalents	2019/20 £000's	2020/21 £000's
Cash held by the Group	9,224	10,078
School Bank Accounts	42	796
Bank Call Accounts	24,176	15,428
Bank Overdraft	(3,107)	(5,251)
Total	**30,335**	**21,051**

6. 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".

7. 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.

8. Goodwill

No goodwill arose in respect of any subsidiaries.

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 undertake 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 Rages 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 operation al 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 requirement s 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 creased. 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 is 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' re4spective 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.

This page is intentionally left blank

Audit Completion Report

Bury Metropolitan Borough Council

Year ended 31 March 2021

mazars

Contents

mazars

Mazars LLP

One St Peter's Square
Manchester
M2 3DE

Members of the Audit Committee

Bury Metropolitan Borough Council
Knowsley Place
Knowsley Street
Bury
BL9 0SW

December 2021

Dear Audit Committee Members

Audit Completion Report – Year ended 31 March 2021

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

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented in September 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07721234043.

Yours faithfully

Signed: {{_es_:signer1:signature }}

Karen Murray

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

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

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

- Management override of controls
- Net defined benefit liability valuation (Group)
- Valuation of property, plant and equipment including investment properties
- Valuation of Airport Shareholding

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £2,153k. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

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

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

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

Audit opinion

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

Value for Money

We have not yet completed our value for money arrangements work and will report our findings in our Auditor's Annual Report later in the year. On the basis of the work completed to date we do not have any significant weaknesses in arrangements to report at this time in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. However we are considering whether there is a risk of significant weakness in relation to the Council's arrangements for financial reporting. Further detail on our value for money arrangements work is provided in section 7 of this report.

Whole of Government Accounts (WGA)

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

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

02

Section 02:

Status of the audit

2. Status of the audit

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

Audit area	Status	Description of the outstanding matters
Property, plant & equipment	Amber	We are awaiting responses to a number of queries relating to our PPE testing from both the Council's finance team and the external valuer.
Leases	Amber	We are awaiting responses on a number of queries relating to leases.
Financial Instruments	Amber	We are awaiting a revised financial instruments note which correctly reflects the amendments required to the accounts.
Cash Flow Statement	Amber	We are yet to complete our testing of the revised cash flow statement
Collection Fund	Amber	The NNDR precept reflected in the Collection Fund is not consistent with the approved budget precept value. The finance team is currently investigating this.
Debtors	Green	We are waiting for evidence to support one debtor balance selected for our sample testing.
Income	Green	We have not yet received all of the evidence to support the income items selected for sample testing.
Financial statements, AGS and letter of representation	Green	We will complete our final review of the financial statements (including the Group accounts) upon receipt of the signed version of the accounts and letter of representation.
Review and closure procedures	Green	Completion of audit closure procedures including final manager and partner review and Mazars quality control processes in respect of the audit.

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

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

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

Materiality

Our provisional materiality at the planning stage of the audit was set at £10,900k using a benchmark of 2% of gross revenue expenditure at surplus/ deficit on provision of services level. No changes to the materiality level set at the planning stage have been made.

Use of experts

The table below sets out the experts used by both management and the audit team during 2020/21. The only update to note since the audit strategy memorandum is the additional valuation expert used by management being Carter Jonas in respect of the valuation of Council Dwellings. The additional expert was required due to the in-house valuer not keeping adequate records of the workings behind the valuation given within his report.

Item of account	Management's expert	Our expert
Long Term Investments: Valuation of Share Holding in Manchester Airport Holdings Ltd	BDO	Mazars internal Valuations Team
Investment Property: Valuation of Manchester Airport Land	Jacobs	Mazars internal Valuations Team
Property, Plant & Equipment and Investment Property	Bury in-house valuation team, Align Property Partners and Carter Jonas	We will use available third party information to challenge the key valuations assumptions
Defined Benefit Liability	Hymans Robertson Actuaries	PwC (Consulting actuary on behalf of the National Audit Office)
Financial Instruments: Fair Value Disclosures	Link Asset Services	We will review the methodology used by the expert to gain assurance that the fair value disclosures are materially correct

3. Audit approach

Group audit approach

Within our audit strategy memorandum, we set out the targeted procedures which we planned to perform on the three group components:

- Six Town Housing Ltd,
- Bury MBC Townside Fields Ltd and
- The Persona Group of Companies.

There has been no change to our planned procedures to the group accounts.

We have received the subsidiaries financial information and the Council's consolidation working papers, but we have yet to complete our audit procedures on the group accounts.

We will report back to the committee within our follow up letter our findings in relation to the group audit procedures.

04

Section 04:

Significant findings

4. Significant findings

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

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

Significant risks

Management override of controls	**Description of the risk** This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.
	How we addressed this risk and our observations We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. Based on the work carried out to date, there are no matters to bring to the Committee’s attention n respect of our work on management override of controls.

4. Significant findings

Significant risks (continued)

Valuation of the Council's defined benefit pension liability (Group)

Description of the risk

The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019.

The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's or the subsidiaries' circumstances. This could have a material impact to the Council and Group net pension liability in 2020/21

How we addressed this risk and our observations

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council.
- Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the controls in place at the Pension Fund are free from material deficiencies.
- Reviewing a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the Council's share of Pension Fund assets.
- Reviewing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information.
- Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This includes comparing them to expected ranges, utilising information provided by PwC, consulting actuary engaged by the National Audit Office.
- Agreeing the data in the actuarial valuation reports provided by the Pension Fund Actuary to the pension accounting entries and disclosures in the Council's financial statements (including single entity and group disclosures).

There are no matters to bring to the Committee's attention in respect of our work on the valuation of the Council's Group defined benefit pension liability.

4. Significant findings

Significant risks (continued)

Valuation of Council Property, Plant & Equipment and Investment Properties

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a four year cycle.

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 which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty.

As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to three years are not valued at their materially correct fair value. In addition, as the valuations are undertaken at the start of the year there is a risk that the fair value as the assets is materially different at the year end.

How we addressed this risk and our observations

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the valuers, and considering the appropriateness of the Council's instructions to the valuers.
- Obtaining an understanding of the basis of valuation applied by the valuers in the year.
- Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2020/21 are materially fairly stated.
- Obtaining an understanding of the Council's approach to ensure that assets revalued through 2020/21 are materially fairly stated at the year end.
- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.
- Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2021.
- Using our Mazars internal valuation expert to assess the reasonableness of the Manchester Airport land valuation.
- Testing the accuracy of how valuation movements were presented and disclosed in the financial statements.
- Testing a sample of items of capital expenditure in 2020/21 to confirm that the additions are appropriately valued in the financial statements.

Our work on the valuation of property, plant and equipment, including investment properties, is not yet complete.

The external valuation expert indicated that a balance of £9.730m should be recognised in Bury's accounts in relation to the Manchester Airport land. However, during the audit, we have become aware of an additional lease element which had not been included by the valuer in their report. Bury's share of the annual income in relation to this lease is £28k per annum and this is considered trivial. However, the capital value of the additional lease is approximately £605k. This means that the Investment Properties balance on the Balance Sheet has been understated by this amount. This has not been adjusted for in the financial statements.

4. Significant findings

Key areas of management judgement and enhanced risks

Valuation of investment in Manchester Airport Holdings Limited

Description of the risk

The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2021. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.

How we addressed this risk and our observations

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

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

Our audit work has provided the assurance sought and has not identified any material issues to bring to your attention.

4. Significant findings

Qualitative aspects of the Council's accounting practices

Draft accounts were received from the Council on 2 August. However, the draft accounts were not prepared to the required quality standard and contained a number of significant internal inconsistencies. This indicates the draft statements had not been subject to an appropriate quality control review by the Finance Team before they were published on the Councill's website for inspection.

Once our audit commenced, it became clear that the working papers and supporting information required to support the audit were not always available. Furthermore, we initially experienced significant delays in receiving information and responses to queries from the Finance Team. This is disappointing given the progress the Finance Team had made in the previous year to improve the arrangements for the closedown and preparation of the financial statements.

We have had the full co-operation of management throughout the process. Given the initial difficulties we were experiencing in the light of the quality of the draft statements and supporting working papers, we escalated out concerns immediately to the Director of Finance. She, supported by her Deputy, took immediate action to ensure resources and capacity within the Finance team were refocussed. This has included undertaking a quality review of information supplied during the course of the audit.

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

Significant difficulties during the audit

During the course of the audit we encountered a number of difficulties including:

- The Council's in-house valuer was unable to provide any evidence to support the £251.1m valuation for council dwellings included in the statements. We have been told that the supporting records were lost although it is unclear how such a loss could have occurred. The Director of Finance needed to commission an external valuer to re-perform the valuation in order to ensure the accounts were materiality correctly stated with regard to these properties.

- The Council used an external valuer to provide valuations of the Council's non-HRA operational land and buildings. The initial valuation report provided to support the work done included an error in the split of values between land and buildings. The valuer had to provide a revised valuation report to correct this.

- During our testing of the Council's asset valuations we identified that a number of assets had been classified as investment properties but which were actually operational assets. Although the Council's valuers had valued these assets on the basis that they were operational, so the value in the financial statements was correct, they were included in the statements in the wrong place. It is unclear how or why these assets had been reclassified to investment properties in the fixed asset register. As we have not identified any other misclassifications within the fixed asset register we don not believe this to be a systemic issue.

- Note 3 to the accounts provides an analysis of income and expenditure by nature. This note did not reconcile to the income and expenditure included Comprehensive Income and Expenditure Statement by £72.8m.

- In 2020/21 central government provided for a statutory override to be applied to remove the deficit balance on the Council's Dedicated Schools Grant from the Council's usable reserves and to reclassify this in unusable reserves. This "ring-fencing" of the deficit within unusable reserves improves the Council's overall financial sustainability. Management did not apply the statutory override in the draft financial statements.

Significant matters discussed with management

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

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

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

- Accounting treatment of government grants The Council has received material amounts of government grant income in the year, particularly relating to the government's financial support to the Council and business in response to the impact of Covid-19. We had discussions with the Council in respect of their consideration of whether the Council was acting as an agent of the government or as a principal and whether there were any grant conditions which the Council should take into account in recognising the income in its accounts.

4. Significant findings

Wider responsibilities

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

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

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

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

05

Section 05:

Internal control recommendations

5. Internal control recommendations

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

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

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

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

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

The draft financial statements which were submitted for audit were not to the required standard. A number of material errors within the financial statements were identified during the audit process

Potential effects

There is a risk that fundamental errors in the Council's reported financial position could be caused by a reoccurrence of these events.

Recommendation

Management should undertake a full debrief of the accounts preparation process to identify how the errors in the financial statements occurred.

Management should ensure there is an appropriate arrangement for quality control review in future years.

Management response

Once the Director of Finance and Deputy Director of Finance were alerted to the number of issues with the accounts the Deputy Director of finance intervened and got more involved with the closedown team and the audit. We also sourced the advice and expertise of colleagues from another Greater Manchester authority who have supported our own team in responding to the audit queries and have mentored and upskilled some of our staff as part of the process

Management response (continued)

Within the finance restructure there are plans for a Chief accountant post but the restructure will not be ready for its 90 day consultation until the final quarter of this financial year. Therefore, we are in the process of sourcing an interim chief accountant to support with:

- A lessons learnt review from the 20/21 accounts and audit process – a full report will be brought to the next Audit Committee
- A debrief of all the staff involved in this years process and a review of personal development plans to identify if any further training or support is required such as mentoring and coaching
- A complete detailed final accounts closure timetable with assigned tasks to individuals and deadlines that allow for a comprehensive quality check and cross referencing of the accounts. This timetable will not only include those tasks assigned to finance but those that are required from other departments such as valuations etc.
- The 21/22 will undergo a thorough review process by the Chief Accountant, Deputy Director of Finance and then the Director of Finance

The finance restructure takes account of the needs of the business and is very much development and staff training focussed to deliver a high quality service and outcomes and outputs

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

The Council's in-house valuer did not retain any supporting records and evidence to support the work carried out to arrive at the Council Dwellings valuation included within the draft accounts.

Potential effects

Management have not complied with the requirement to maintain appropriate underlying financial records.

Errors in the valuation cannot be identified.

Additional costs are incurred where revaluations need to be re-performed.

Delays to the audit processes.

Recommendation

Management should ensure that the experts used understand the requirements of keeping adequate records of work completed in order to evidence the values within the accounts.

Management response

The Section 151 Officer will support the Director of BGI to ensure the Council has an appropriate skilled and able valuer service (either inhouse or external). Through a programme of soft and hard closes it will identify any remaining issues that are not fully resolved following the lessons learned workshops.

Management response (continued)

The final accounts timetable described above will also ensure that all individuals assigned a task are fully aware of their deadlines and obligations in undertaking these tasks and the consequences for themselves, their professional standing and also the authority if these are not carried out to the required standards and records retained in accordance with professional and records management requirements.

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

As part of our work on PPE and investment properties it was identified that there were 50 assets which were classified within the fixed asset register and the draft accounts as investment properties but which were PPE assets. This suggests a deficiency in the controls around the fixed asset register.

Potential effects

The incorrect classification of assets within the fixed asset register could lead to the assets being subjected to an incorrect valuation method. This could lead to material misstatements within the accounts.

Recommendation

Management sure ensure that there is adequate review processes in place to ensure that the assets within the fixed asset register are both classified correctly and valued on the correct basis for the relevant classification.

Management response

A review of the fixed asset register is planned for the final quarter of this financial year with the support of the interim Chief accountant, additional Capital Support within the finance team and an experienced Unit 4 consultant whom we have recently entered into a contract with to ensure we not only apply the correct classification to assets but that this is reflected in the financial system.

Other deficiencies in internal control – Level 2

Description of deficiency

As part of our audit work on debtors and creditors we identified a number of disclosure errors relating to the classification of debtors and creditors over the relevant categories within the notes. This is due to the year end balances in the accounts receivable and accounts payable systems not being analysed.

Potential effects

This is likely to lead to material disclosure errors within the debtors and creditors notes within the statement of accounts.

Recommendation

Management should implement processes to ensure that all year end debtors and creditors are correctly analysed.

Management response

As part of the lessons learned, a process of month end reviews will be undertaken to ensure debtors and creditors are classified correctly. A review of all debtors and creditors held by the council will be undertaken to reduce the risk of material disclosure errors

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

As part of our audit review of property, plant and equipment we identified a number of assets within the fixed asset register had an incorrect asset life recorded. This resulted in the depreciation calculation for the year being inaccurate. We also noted that the asset lives for buildings had not been reviewed for a number of years.

Potential effects

Inaccuracies in the asset lives data within the fixed asset register could lead to depreciation being materially misstated within the financial statements.

Recommendation

For all asset entries ensure there is a check of reasonableness and accuracy of the asset lives data input into the system prior to posting to prevent inaccuracy in the depreciation calculation.

The instructions provided to the valuer should be request that the valuer provides an indication of the remaining useful lives of the assets subject to revaluation. This will provide assurance over the asset lives that are used are up to date and the resulting deprecation calculation will be more accurate.

Management response

A review of the fixed asset register is planned for the final quarter of this year with the support of the interim Chief accountant, additional Capital Support identified within the team and an experienced Unit 4 consultant whom we have recently entered into a contract with to ensure we not only apply the correct asset life but will ensure there is a cycle where assets are review periodically to prevent inaccuracy in the depreciation calculations.

Other deficiencies in internal control – Level 2

Description of deficiency

Our IT audit work identified some employees who had left the Council but who had retained access to Agresso and the Active Directory.

Potential effects

Failure to remove user accounts from users who have left presents the risk that activities are performed by those not authorised to perform them.

Recommendation

Ensure that leavers are communicated to the system custodians promptly and that access is revoked on or before the users' leave date.

Management response

Linked with an upgrade in the iTrent HR system in April 2022 we will be able to ensure a monthly report is produced and system access is revoked and amended as necessary. A piece of work will be undertaken to review all current status of Agresso users in January 2022.

5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

Our IT audit work identified that disaster Recovery tests were not performed during the year. Further, we noted that the Disaster Recovery site is in close proximity to the primary server.

Potential effects

A lack of testing disaster recovery plans means any deficiencies in the effectiveness of the Council's resilience may not be detected.

Locating the Disaster Recovery site close to the primary server means that environmental issues affecting the primary server have a higher probability of also affecting the secondary server.

Recommendation

Disaster Recovery should be tested at least annually to ensure resilience to issues affecting the primary server.

The Council should reposition the disaster recovery server at a greater distance from the primary server. If this is not possible the Council should implement controls to ensure the secondary server is protected from being affected by environmental issues which might affect the primary.

Management response

We will undertake guidance on this from our IT department , sharing your recommendations.

06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £327k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

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

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Usable Reserves			1,569	
	Cr: Provisions				1,569
	Our sample testing of provisions included the 'GMPF additional costs' provision with a value of £600k. The Council was unable to provide any evidence to support this provision. On further investigation, they have confirmed this should be reclassified as a reserve. As we identified this error from sample testing, we have extrapolated the error across the provisions balance to arrive at an estimate of the total value of the potential misstatement within provisions should this error be representative of the entire balance.				
2	Dr: Cost of Services: Gross Income	584			
	Cr: Cost of Services: Gross Expenditure		584		
	Sample testing of expenditure identified an error with one item with a value of £20k. It was classified as expenditure but it should have been accounted for as a reduction to income. As we have identified this error as part of a sample we have extrapolated the error across the expenditure population to arrive at an estimate of the total potential misstatement.				
	Total unadjusted misstatements	584	584	1,569	1,569

6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Unusable Reserves: DSG Reserve			21,407	
	Cr: Usable Reserves: DSG Reserve				21,407
	The closing accumulated deficit on the dedicated schools grant fund has been amended to post as unusable reserve (called the Dedicated Schools Grant Adjustment Account) as required by the School and Early Years Finance (England) Regulations 2020				
2	Dr: Creditors			59,501	
	Cr: Debtors				59,501
	Both debtors and creditors were overstated in relation to covid grants received. This was because the accounts reflected the full value of the grants and the related expenditure as a creditor and debtor respectively. The correct treatment is to show the net position as either a debtor or a creditor.				
3	Dr: Housing General Fund: Gross Expenditure	3,341			
	Cr: Debtors				3,341
	The housing benefit overpayment debtor did not agree to the balance in the underlying system.				

6. Summary of misstatements

Adjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Property, Plant & Equipment: Other Land and Buildings			1,580	
	Cr: Investment Properties				1,580
	A number of assets were incorrectly classified investment properties. These have been reclassified as other land and buildings within PPE. The assets are valued on the correct basis to be held as PPE.				
5	Dr: Property, Plant & Equipment: Council Dwellings			15,636	
	Cr: Housing Revenue Account: Gross Expenditure				12,362
	Cr: Revaluation Reserve				3,274
	The increase in the value of HRA Dwellings reflects the increase in the value of residential properties between the valuation date of 1 April 2020 and the balance sheet date of 31 March 2021.				
6	Dr: Cost of Services: Gross Expenditure	8,343			
	Cr: Property, Plant & Equipment				8,343
	The depreciation calculation was incorrect because the fixed asset register recorded incorrect data on asset lives. The Council have undertaken a review of asset lives within the system and recalculated depreciation.				

6. Summary of misstatements

Adjusted misstatements (continued)

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	**Cr (£'000)**	**Dr (£'000)**	**Cr (£'000)**
7	Dr: Other Operating Expenditure	11,020			
	Dr: Children, Young People & Culture: Gross Expenditure	733			
	Dr: Revaluation Reserve	2,321			
	Cr: Property, Plant & Equipment: Other Land and Buildings				14,073
	The Council had not processed the academisation of Prestwich High School. When a school coverts to an academy the Council must treat the transfer of the land and building assets to the academy trust as a disposal of PPE assets.				
8	Dr: Cost of Services: Gross Income	4,883			
	Cr: Cost of Services: Gross Expenditure		4,883		
	The Council had not eliminated all internal recharges in the preparation of the Comprehensive Income and Expenditure Statement, therefore both income and expenditure were overstated in the draft accounts.				
9	Dr: Investment Properties			605	
	Cr: Unusable Reserves: Capital Adjustment Account				605
	The external valuation expert has indicated that a balance of £9.730m should be recognised in Bury's accounts in relation to the land lease. However, during the audit, we have become aware of an additional lease element which had not been included by the valuer in their report. Bury's share of the annual income in relation to this lease is £28k per annum and this is considered trivial. However, the capital value of the additional lease is approximately £605k. This means that the Investment Properties balance on the Balance Sheet has been understated by this amount.				
	Total adjusted misstatements	30,640	4,883	98,729	124,486

6. Summary of misstatements

Disclosure amendments

Our review of the financial statements identified that a number of amendments were required to the disclosures in the financial statements to ensure compliance with the CIPFA Code. We have summarised the most significant of them below:

- **Expenditure and Income Analysed by Nature note –** the note has been revised to ensure consistency with the CIES.
- **Debtors and Creditors** – the notes analysing these two balances by type were incorrect and a further error within the working papers led to some double counting within the analysis. The overall impact of this increased central government debtors NHS debtors by £1,946k and £6,457k respectively and reduced other local authorities debtors and entities external to government debtors by £196k and £8,205k respectively. The 2019/20 comparators have also been amended.
- **Operating Leases Note (the Council as a lessee)** – the note has been amended:
  - Not later than one year increased by £1,337,000
  - Later than one year and not later than five years increased by £4,746,000
  - Later than five years increased by £11,312,000
- **Operating Leases Note (the Council as a lessor)** – the note, and the previous years comparator, have been amended:
  - Not later than one year increased by £2,701,000
  - Later than one year and not later than five years increased by £7,508,000
  - Later than five years increased by £103,701,000
- **Pensions note** - updated the "reversal of net charges made to the deficit on the provision of services" line to reflect correct figure in line with the Council's actuarial report.
- **Unusable reserves** – the pensions reserve has been updated to correctly reflect the pension reserve as being equal and opposite to the pensions liability within the pensions note and the actuarial report.
- **HRA income and expenditure statement -** updated to be consistent with the HRA line on the CIES.
- **Capital commitments disclosure** - revised to accurately disclosure the capital spend contractually committed as at 31 March 2021.
- **Capital expenditure and capital financing requirement note** – amended to correct a number of errors.
- A number of other minor amendments have been made to ensure internal consistency within the document and to ensure compliance with the CIPFA Code.

Section 07:

Value for Money

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

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

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

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

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

Status of our work

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

However we are considering whether there is a risk of significant weakness in relation to the Council's arrangements for financial reporting

Our draft audit report will outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report within 3 months of the date of our audit opinion.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

Bury Metropolitan Borough Council and Group - audit for year ended 31 March 2021

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

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

I confirm as Director of Finance (Section 151 Officer) that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

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

Accounting records

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

Appendix A: Draft management representation letter (continued)

Accounting policies

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

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

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

There are no undisclosed contingent gains which should be disclosed.

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

Laws and regulations

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

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

Appendix A: Draft management representation letter (continued)

Fraud and error

I acknowledge my responsibility as Director of Finance (Section 151 Officer) for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

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

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

Related party transactions

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

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

Future commitments

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

Subsequent events

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

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

Appendix A: Draft management representation letter (continued)

Covid-19

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

Going concern

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

Unadjusted misstatements

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

Yours faithfully

Sam Evans

Director of Finance (Section 151 Officer)

Appendix B: Draft audit report

To follow once audit has been completed.

Appendix C: Independence

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

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

Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with the Director of Finance that the Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.

Appendix D: Other communications

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

Karen Murray

Partner

karen.murray@mazars.co.uk

+44 (0)161 238 9248

Amelia Salford

Manager

amelia.salford@mazars.co.uk

+44 (0)161 238 9308

Mazars

One St. Peter's Square

Manchester

M2 3DE

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

*where permitted under applicable country laws.