AGENDA FOR

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 : A Arif, D Berry, D Duncalfe, E FitzGerald, I Gartside, M Hayes, N Jones, E Moss and M Whitby (Chair)

Dear Member/Colleague

Audit Committee

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

Date:	Monday, 25 July 2022
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 MINUTES OF THE LAST MEETING *(Pages 5 - 12)*

The Minutes of the last meeting of the Audit Committee held on

4 MATTERS ARISING

5 INFORMATION GOVERNANCE *(Pages 13 - 36)*

A report from the Deputy Chief Executive is attached
A copy of the Information Commissioner's Office report is attached

6 DRAFT STATEMENT OF ACCOUNTS *(Pages 37 - 204)*

A report from the Executive Director of Finance is attached.
The Draft Statement of Accounts are attached

7 ANNUAL GOVERNANCE STATEMENT AND HEAD OF AUDIT OPINION *(Pages 205 - 234)*

Report from the Executive Director of Finance is attached
The Annual Governance Statement is attached

8 COMPLIANCE WITH THE CIFPA FINANCIAL MANAGEMENT CODE

Report to follow

9 RISK REGISTER *(Pages 235 - 258)*

Report from the Executive Director of Finance is attached
The Corporate Risk Register is attached
The Risk Matrix is attached

10 EXTERNAL AUDIT PROGRESS REPORT *(Pages 259 - 270)*

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

11 INTERNAL AUDIT ANNUAL YEAR END UPDATE 2021/2022 *(Pages 271 - 288)*

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

12 INTERNAL AUDIT PLAN 2022/2023 *(Pages 289 - 320)*

A report from the Executive Director of Finance is attached

13 EXCLUSION OF PRESS AND PUBLIC

To consider passing the appropriate resolution under Section 100(A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following items of business since they involve the likely disclosure of the exempt information stated.

14 INTERNAL AUDIT REPORTS ISSUED SINCE LAST AUDIT COMMITTEE *(Pages 321 - 544)*

Report from Sam Evans, Executive Director of Finance, (S151 Officer)is attached.
Appendices 1 – 14 are attached

15 INTERNAL AUDIT INVESTIGATIONS TO BRING TO THE COMMITTEE'S ATTENTION *(Pages 545 - 606)*

Report from the Acting Head of Internal Audit is attached
Appendoces 1 – 4 attached

This page is intentionally left blank

Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 15 March 2022

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

Also in attendance: Marcus Connor – Governance Manager & Data Protection Officer
Steve Cutler
Sam Evans – Executive Director of Finance
Karen Murray – Mazars
Lynne Ridsdale – Deputy Chief Executive
Amelia Salford – Mazars
Janet Spelzini – Audit Manager

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

Apologies for Absence: Councillor M Smith

AU.1 DECLARATIONS OF INTEREST

Councillor Steve Wright declared a personal interest in any item relating to schools in the Borough as his wife is employed at a local school.

AU.2 MINUTES OF THE LAST MEETING

It was agreed:

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

2. That the Minutes of the meeting held on 20 December 2021 be approved as a correct record and signed by the Chair.

3. That the Minutes of the meeting held on 12 January 2022 be approved as a correct record and signed by the Chair

AU.3 MATTERS ARISING

There were no matters arising from the Minutes.

AU.4 INFORMATION GOVERNANCE

Lynne Ridsdale , Deputy Chief Executive submitted a report updating the Committee on the progress that had been made on Information Governance work completed to date in Quarter 4 of 2021/22.

It was reported that during Quarter 4, the Council has continued to progress in responding to the ICO's recommendations, the report gave an update on each of the ICO's identified actions. The report detailed progress made in Quarter 4, and explained that further progress is expected during the remaining weeks.

Progress against the 'urgent' actions identified by the ICO are also shown in Appendix A.

It was explained that by the end of Quarter 4, the majority of the ICO's actions will be completed as planned. This will now allow a focus on Information Governance becoming one of the basic principles of the Corporate Core, as informed by the consensual audit from the ICO. This will also involve the regular reporting of Information Governance to future meetings of Audit Committee, including through corporate KPIs and breach recording and monitoring.

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

- Councillor Gartside referred to the big strides forward that had been made and congratulated all involved in the work carried out to date. Councillor Gartside asked whether meeting GDPR requirements was a challenge.

Lynne explained that the Council was compliant with all GDPR requirements and that the main issues were around user behaviour. Each breach is assessed and actioned and the under continuous review.

- Councillor Whitby stated that reducing the number of breaches was reassuring and confirmed that the Audit Committee would receive regular updates on the work being carried out and the progress made in relation to information governance.

- Councillor Butler referred to the data breaches and stated that it was very frustrating when they were caused by simple mistakes such as correspondence being sent to the wrong email addresses and asked whether the auto insert function on outlook could be turned off.

It was explained that this was not an option but systems were continually being reviewed. The advice was to check, check and check again before sending emails.

Delegated decision:

That the contents of the report is noted.

AU.5 ANNUAL GOVERNANCE STATEMENT

Sam Evans reported that the Audit Committee have previously received a draft version of the Council's 2020/21 Annual Governance Statement (AGS) at its meeting in July prior to the annual audit. There was only one change to report which was the addition of an additional paragraph at page 60.

Delegated decision

That the Audit Committee approve the final version of the Council's 2020/21 Annual Governance Statement (AGS), following the completion of the audit by the Council's external auditors.

AU.6 2020/2021 AUDIT - LESSONS LEARNT

Sam Evans introduced Steve Cutler, Interim Chief Accountant and explained that Steve had been working with the finance team to look back on preparation of the 2020/2021 Statement of Accounts to provide 'lessons learnt' in preparation for 2021/2022.

It was reported that there were a significant number of issues identified during the 2020/21 external audit. Following a review of the management letter, discussion with the external auditors and internal discussions across the team; the lessons learnt can be categorised into three, these being: Quality Control, Overall Management and Resources.

Findings in relation to each of the categories were set out in the report and changes for 2021/2022 to address those findings were also reported.

A table was included at 4.1 of the report which identifies the external audit recommendations from 2020/21, the management responses at the time and an update on the actions taken in preparation for 2021/22.

Sam reported that a review of all accounting policies had been undertaken. No changes to the policies had been proposed.

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

- Councillor Gartside referred to the need for every penny to be accounted for and asked if the systems were in place to ensure that this happened.

It was explained that every transaction needs to be supported by a full trail from order, receipt and invoice.

It was also explained that petty cash was being rationalised as well as the use of purchasing cards to ensure that all controls were as tight as possible.

Delegated decision:

That the Audit Committee:

1. Note the lessons learnt from the 2020/21 external audit.

2. Note the plans for completion of the Statement of Accounts 2021/22

3. Note the progress on implementing the 2020/21 external audit recommendation

AU.7 CORPORATE RISK REGISTER

The committee received a report which provided an updated with regards to the risks identified and assessed on the Council's Corporate Risk Register. These risks have been considered by the Executive Team as those with the potential to disrupt the Council's strategic objectives and service delivery.

The Corporate Risk Register was first presented to Audit Committee at the November 2021 meeting. The report also provided an update on the work progressed to date and demonstrates that efforts are ongoing to embed a culture of good risk management across the Council.

It was reported that a total of 18 risks have been identified as those of a genuine corporate nature and are summarised as follows:

- 18 risks are currently present on the Corporate Risk Register
- 15 risks are currently rated as Significant (risk score 15-25)
- 3 risks are currently rated as High (risk score 8-12).

Of these 18 risks:

- 1 has increased in score
- 4 have decreased in score
- 9 have remained static
- 2 have been newly introduced
- 2 have not been reviewed in the last reporting period

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

- Councillor Gartside referred to the Risk Management Committee that had been a Council committee previously. He explained that he had been a member of the Committee and had found it very useful. It was suggested that the Democratic Arrangements Forum be asked to consider if the Committee should be re-established.

- Councillor Rydeheard referred to the two risks that had not been reviewed and asked why this was.

Sam explained that this was a capacity issue and reported that the risks had been reviewed since the report was produced.

Members were asked to consider if the Audit Committee should carry a deep dive of any of the risks and the following risks were highlighted:

Children's Social Care Services
Security & Resilience
EU Exit Impacts

It was suggested that the 2022/2023 Audit Committee should be made aware of the discussion in order that they choose which risks to look into further.

Delegated decision:

That the contents of the report be noted.

AU.8 AUDITOR'S ANNUAL REPORT - REPORT FROM MAZARS

Karen Murray presented the Auditor's Annual Report for year ended March 2021.

It was explained that the report reflected the VFM style now required and was more detailed and balanced.

The Auditor's Annual Report (AAR) summarised the work Mazars had undertaken as the auditor for Bury Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Mazars responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outlined how they have discharged these responsibilities and the findings from their work.

Karen highlighted two areas:

1. Ofsted Inspection: Children's Services

In December 2021 Ofsted issued a report following its inspection carried out between 25 October and 5 November 2021 on the Council's Children's Social Care Services. The inspection report concluded that the overall effectiveness of the Council's services is inadequate. These matters indicate a risk of significant weaknesses in proper arrangements.

The report recommended that the Council puts in place robust arrangements to ensure the actions identified in its improvement plan are being delivered on time and are having the required impact on quality of service provided to, and the safety of, children in the Borough.

Also set out were the External Auditor's views on the actions taken to date and included work to identify improvements actions which weas underway before the inspection, the preparation of an improvement plan, ensuring that robust governance arrangements are in place including an independently chaired Improvement Board and investment in the recruitment of extra staff in order to reduce caseloads and address capacity.

2. Weaknesses in Internal Control

The 2020/2021 Audit Completion report highlighted several issues including the poor quality of the draft accounts submitted for audit and the significant difficulties encountered during the audit process. Internal control weaknesses had also been highlighted by both Internal Audit and the Information Commissioners Office resulting in several limited assurance internal audit reports and an ICO investigation report with 79 recommendations.

The report recommended that the Council should ensure it has arrangements in place for strengthening and maintaining the adequacy and effectiveness of the internal control framework.

Also set out in the report were the External Auditor's views on the actions taken to date and included the appointment of a new substantive Deputy Director of Finance and an experienced Chief Accountant which has strengthened the capacity within the finance team, the completion of a 'lessons learnt' exercise and a report outlining how the issues identified will be addressed and although some parts of the recommendations from the ICO report were still to be fully implemented, significant progress has made in addressing the matters raised.

Also set out within the report were the other reporting responsibilities and a breakdown of fees for work completed as the Council's auditor.

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

- Councillor Gartside referred to the DSG and the issue with some schools holding onto reserves and asked what could be done about this.

It was explained that the Project Safety Valve had requested that school balances be brought down and all school balances would be reviewed to ensure that this happened.

Sam also reported that the Overview & Scrutiny Sub Group had taken a n interest in Project Safety Valve and would be receiving regular reports and updates on this.

- Councillor Rydeheard referred to the governance weaknesses that had been highlighted and the reference to significant progress being made and asked if this work was set out within the action plan.

Sam reported that this was progress made in relation to the action plan and that the work was on track.

Delegated decision:

1. That the contents of the External Audit Annual Report be accepted.

2. That the Audit Committee's thanks to Mazars be recorded.

AU.9 AUDIT STRATEGY MEMORANDUM - REPORT FROM MAZARS

Amelia Salford, Mazars presented the Audit Strategy Memorandum for year ending 31 March 2022.

The document summarised the audit approach, highlighted significant audit risks and areas of key judgement and provided the Audit Committee with the details of the Mazars audit team.

The memorandum explained how Mazars would undertake the audit work including following up on work from the previous years' work and a breakdown of the fees for work.

The Memorandum included information on how Mazars would communicate with the Audit Committee at each stage of the audit progress.

Delegated decision:

3. That the contents of the External Audit Memorandum be accepted.

4. That the Audit Committee's thanks to Mazars be recorded.

AU.10 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.11 MEMBERS FEEDBACK

Janet Spelzini reported that there were 4 Audit Reports that were awaiting issue to the Audit Committee but that this could not be done until they had been reported at the Six Town Housing Audit Committee.

The reports would be issued as soon after this as possible.

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.30 pm and ended at 9.00 pm)

This page is intentionally left blank

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	25 July 2022
Title of report:	Information Governance Update
Report by:	Lynne Ridsdale – Deputy Chief Executive
Decision Type:	For information
Ward(s) to which report relates	All

Executive Summary:

Information Governance (IG) is the strategy or framework for handling personal information in a confidential and secure manner to appropriate ethical and quality standards, ensuring compliance with the relevant statutory and regulatory requirements. At its March 2022 meeting, Audit Committee received an update on activity in Quarter 4 2021/22 to date.

The focus of this update was the Council's progress against the 79 recommendations from the Information Commissioner's Office (ICO) visit in 2021. This report highlighted that the majority of actions will be delivered by the end of Quarter 4, 2021/22.

Shortly after the last Audit Committee, the Information Commissioner's Office confirmed the date of their desk-top revisit to Bury Council, which took place 11-14 April 2022. Overall, they were positive about the progress made, with 57 recommendations completed and 22 in progress and have not stated any further plans to return to Bury.

This now enables the Council to focus Information Governance activity on a 'business as usual' approach, including embedding Information Governance in all Council services, ensuring training compliance levels are maintained, and learning from and reducing the number of data breaches.

Key considerations

1.0 Introduction

1.1 This report is to update Audit Committee on the Council's Information Governance activity up to the end of Quarter 1 2022/23.

1.2 Following the last update to Audit Committee in March 2022, the Information Commissioner's Office (ICO) contacted the Council to request an update on progress against its 79 recommendations made as a result of its last visit in 2021.

1.3 The report also highlights how Information Governance is being embedded in the delivery of Council services.

2.0 Background

2.1 In March 2022, the Council was contacted by the Information Commissioner's Office to request a progress update against each of the 79 recommendations.

2.2 The desk-based follow-up took place 11-14 April 2022, with the following progress identified against each of three key areas:

Focused Area	Number of Recommendations Completed	Number of Recommendations In Progress	Number of Recommendations Not Started
Governance & Accountability	26	12	0
Information Security	23	8	0
Freedom of Information	8	2	0
Total Actions	57	22	0

2.3 There were some differences in the Information Commissioner's Office and the Council's interpretation as to whether recommendations have been fully responded to. The main issues to be further reviewed by the Council are:

- Further checks required to evidence all Information Governance Policies have been reviewed.
- Work required to develop more specialist training for key officers.

- Further work required to complete the Record of Processing Activities (RoPA).
- Need to clarify on the RoPA template as to the justification for processing personal data.
- Further work required to prevent use of USB Pen Drives.
- Staff in Business Support Service to have specific Freedom of Information (FOI) and Environmental Information Regulations (EIR) training.

Work is ongoing to ensure these actions are addressed; together with a number of medium and low priority recommendations. While positive progress has been made, it is essential that work continues in order to ensure that the Council's position with regards to good Information Governance is maintained and further improved.

2.4 The Information Commissioner's Office specifically identified a number of main improvements:

- Appointment of an Information Governance Manager, to also act as the Council's Data Protection Officer.
- A larger network of Information Governance Champions has been reinstated from November 2021, meeting monthly, with updates of actions provided to the Information Governance Steering Group. The Champions are recognised as a help to the Council's future compliance with data protection and freedom of information.
- An updated Risk Management Strategy has been implemented and Information Governance Risk Register developed.
- An Appropriate Policy Document has been created and approved by the Information Governance Steering Group.
- Information Governance Key Performance Indicators have been developed and are reported on a monthly basis to the Information Governance Steering Group and quarterly to Audit Committee.
- Contracts and bidding documents for services provided by external providers have been updated to ensure Information Governance is an integral part of these. Contract monitoring has also been strengthened.
- A Legitimate Interest Assessment has been completed to set out how personal data will be processed for HR purposes.
- DPIA checklist and template have been reviewed and updated.
- IG Incident Procedure has been updated to include guidance on notifying data subjects.
- FOI and EIR guidance updated and available on the intranet
- FOI training needs reviewed and refreshed and part of the annual mandatory training.

2.5 The outcome of the revisit was the Information Commissioner's Office recognised that the Council had made good progress towards completing the 79 agreed actions identified in the original report, with meaningful progress is being made against actions remaining 'ongoing'.

2.6 The Information Commissioner's Office have no further intentions of reviewing the Council's progress against its recommendations. However, this does not mean that the Council can reduce its work on Information Governance. This needs to remain a priority area for the Council and be an integral part of normal working practices.

2.7 To complement the Information Commission's revisit, Internal Audit has also reviewed progress against the issues it identified prior to the ICO audit in 2021. The initial recommendations from Internal Audit where very similar to those made by the ICO, therefore, their follow-up audit has similarly found the majority of actions are either complete or in progress.

2.8 A copy of the Information Commissioner's Office report is attached for information.

3.0 Next Steps / Business As Usual

3.1 Communications

3.1.1 Information Governance updates will continue to be issued as part of the weekly Corporate Communications.

3.1.2 June 2022 was 'IG Comms Month' with specific messages included in the weekly Communications, and an update provided as part of the Thursday Staff Briefing.

3.2 Training

3.2.1 As part of the ICO's recommendations, the Council has enhanced its annual mandatory UK GDPR training module.

3.2.2 At the time of the ICO visit, 98% of Council staff who had daily access to Information Technology Systems had completed the training, exceeding both the ICO's 90-95% target, and the 95% target of the Data Security & Protection Toolkit (DSPT). When frontline staff, e.g. refuse collectors, pupil escorts and gardeners, are included in this figure, almost a 94% completion level was achieved. The DSPT required the Council to provide the best performance achieved in the six months prior to the submission of this return.

3.2.3 As the majority of Council staff completed their training between May and August 2021, they are due to renew this training at the present time. Performance is currently at 78% although this should be seen as a typical average for this time of year as officers repeat their training. Contact is being made with all staff who have not completed their training.

3.3 Update of the Record of Processing Activities (RoPA)

3.3.1 Extensive work has already been carried out to update the RoPA since the time of the ICO's visit in 2021.

3.3.2 Over the next quarter, work will be carried out with senior managers to undertake an annual revisit and update of RoPA entries and to collect related Information Governance documentation, such as Data Protection Impact Assessments, Data Sharing Agreements, Privacy Notices, etc, which will be stored in a central Council repository.

3.4 Subject Access Requests and Freedom of Information Requests

3.4.1 The establishment of the Business Support service in April 2022, has allowed the coordination of the recording, processing and issuing of responses to Subject Access Requests and Freedom of Information Requests, with new processes and workflows developed.

3.4.2 This will help the Council to address the backlog of responses and ensure prompt and accurate issuing of information to requestors.

3.4.3 At the end of May 2022, 60 FOIs were beyond their response deadline, a slight increase on 53 the previous month, however, a significant reduction in number since the start of the financial year.

3.4.4 Also to the end of May 2022, performance against the percentage of FOIs responded to on time decreased to 56% from 87%. However, this is to be expected as backlogs and out of target requests are cleared.

3.5 Data Breaches

3.5.1 As mentioned in previous reports, data breach monitoring continues to remain a high priority for the Council. Advisory letters are sent by the DPO to officers responsible for a breach and Executive Directors and the DPO meet with them to identify learning and support needs.

3.5.2 The majority of breaches continue to relate to data being sent to incorrect recipients.

3.5.3 All breaches reported since the last report to Audit Committee are shown in the table below.

3.5.4 For the period March 2022 to June 2022, the following breaches have been recorded by department:

	BGI	CC	CC- Finance	CYP	OCO	Ops	**TOTAL**	COMMENTS
March	0	5	0	2	4	1	**12**	Eleven involved information sent to wrong recipients. One involved information being shared inappropriately. Two reported to ICO both now closed
April	0	3	0	2	2	0	**6**	All involved information shared with wrong recipients.
May	1	7	0	4	6	1	**19**	All involved information sent to wrong recipient. Three involved information left unattended. Two involved information being appropriately shared. One reported to the ICO. ICO decision pending until further information received from the Council.
June	0	2	0	3	1	0	**6**	Four breaches sent to wrong recipient. One breach involved data being sent to own personal email. One involved information left unattended.

3.6 Elected Member Support

3.6.1 Training has been offered and provided to Elected Members about their Information Governance responsibilities and the duties of the Council, through one of the regular training sessions. This was attended by 21 councillors.

3.6.2 All members have been given access to online training, with 21.6% completing as at the end of June 2022.

3.6.3 The Members' Handbook been updated with regards to Information Governance matters.

3.6.4 The privacy notice information for each elected member's Internet page has also been updated.

3.7 Submission of Data Security & Protection Toolkit (DSPT)

3.7.1 The Council submitted its 2022/23 DSPT return on 30 June 2022.

3.7.2 The Council successfully maintained its 'Standards Met' rating.

4.0 Recommendations and Next Steps

4.1 The Audit Committee is required to note the 2022/23 Quarter 1 Update provided.

4.2 As a result of the positive revisit by the ICO in April and the Council's retention of 'Standards Met' for its Data Security & Protection Toolkit (DSPT).

Other alternative options considered

None.

Community impact / Contribution to the Bury 2030 Strategy

Good Information Governance practices enables the Council to deliver its statutory requirements and therefore contributes across all the themes of the Bury 2030 Strategy.

Equality Impact and considerations:

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

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

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

    (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

    (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Without a robust framework in place to support good Information Governance practice, there is a risk that the Council may not comply with the duties set out in the UK General Data Protection Regulations (GDPR) or Data Protection Act leading to possible data breaches, loss of public confidence, reputational damage and prosecution / fines by the Information Commissioner	Approval and Implement of the Information Governance Framework Implementation of a comprehensive Information Governance work programme

---

Consultation: N/a

Legal Implications:

The report references the Council's statutory duties and obligations under the UK GDPR, Data protection Act 2018, FOIA and associated legislation and guidance. The Council has duties under this legislation in terms of accountability and compliance and must ensure it has appropriate policies and procedures in place. A failure to ensure compliance could result in enforcement action by the ICO.

Legal advice and support will be required in terms of the action plan outlined in the report as well as ongoing DPO oversight and support.

Financial Implications:

With the exception of the procurement of appropriate training there are no direct financial implications arising from this report. However, there are implications in relation to a potential ICO fine if the Council had a data breach and the ICO found that we as an organisation were negligent.

Report Author and Contact Details:

Lynne Ridsdale – Deputy Chief Executive

l.ridsdale@bury.gov.uk

Background papers:

Report to Audit Committee - Information Governance – ICO Update & Q2 delivery Update – 30 September 2021
Report to Audit Committee – Information Governance – Update Q3, 2021/22 to date – 25 November 2021
Report to Audit Committee – Information Governance – Update Q4, 2021/22 to date – 15 March 2022

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

Term	Meaning
BGI	Business Growth and Investment

CC	Corporate Core
CC-Finance	Corporate Core Finance
CYP	Children and Young People
DFM	Data Flow Mapping
DPIA	Data Protection Impact Assessment
DPO	Data Protection Officer
DSPT	Data Security and Protection Toolkit
EIR	Environmental Information Regulations
FOIA	Freedom of Information Act 2000
GDPR	General Data Protection Regulations 2018
IAM	Information Asset Manager
IAO	Information Asset Owner
IAR	Information Asset Registers
ICT	Information Communication and Technology
IG	Information Governance
IGSG	Information Governance Steering Group
OCO	One Commissioning Organisation
Ops	Operations
NHS	National Health Service
ROPA	Record of Processing activity
SAR	Subject Access Request
SIRO	Senior Information Risk Officer

Bury Metropolitan Borough Council

Follow-up data protection audit report

April 2022

Information Commissioner's Office

Executive summary

Background

The Information Commissioner is responsible for enforcing and promoting compliance with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 (DPA18) and other data protection legislation. Section 146 of the DPA18 provides the Information Commissioner's Office (ICO) with the power to conduct compulsory audits through the issue of assessment notices. Section 129 of the DPA18 allows the ICO to carry out consensual audits.

The ICO is an independent, proportionate regulator and sees auditing as a constructive process with real benefits for controllers and so aims to establish a participative approach. High standards of personal data protection compliance help organisations innovate and deliver great services by building trust with the public. The ICO's expertise and consistent approach to regulation provides certainty enabling organisations to feel confident to use personal data responsibly, innovate and support economic growth.

Bury Metropolitan Borough Council (BMBC) agreed to a consensual audit by the ICO of its processing of personal data and Freedom of Information Act (FOIA) requests.

Due to Covid -19 events, the original audit took place via document review and remote interviews between 22 June to 24 June 2021 and covered the following areas:

Scope Area	Description
Governance & Accountability	The extent to which information governance accountability, policies and procedures, performance measurement controls, and reporting mechanisms to monitor data protection compliance to both the UK GDPR and national data protection legislation are in place and in operation throughout the organisation.
Information Security (Security of Personal Data)	There are appropriate technical and organisational measures in place to ensure the confidentiality, integrity and availability of manually and electronically processed personal data.
Freedom of Information (FOI)	The extent to which FOI/EIR accountability, policies and procedures, performance measurement controls, and reporting mechanisms to monitor compliance are in place and in operation throughout the organisation

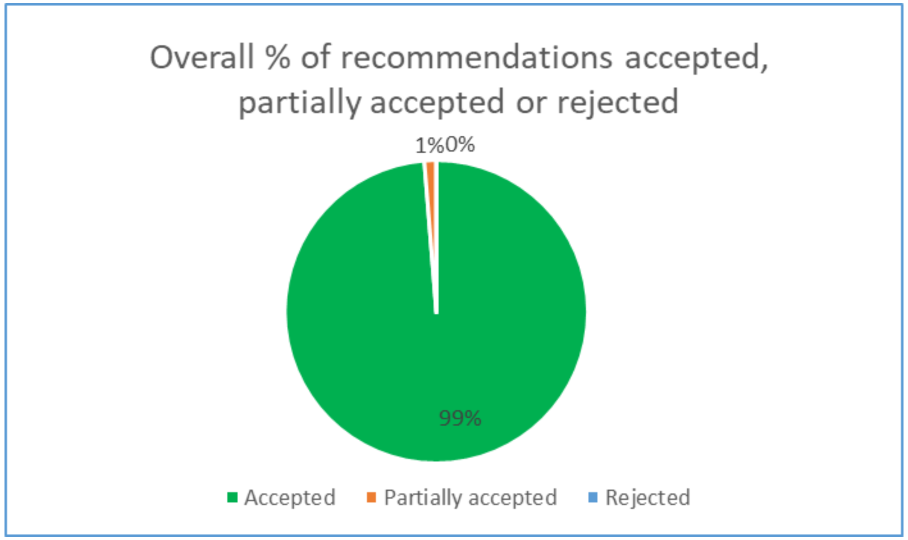
Where weaknesses were identified recommendations were made, primarily around enhancing existing processes to facilitate compliance with the DPA18 and FOIA.

79 recommendations were made in the original audit report. In order to assist BMBC in implementing the recommendations each was assigned a priority rating based upon the risks that they were intended to address. The ratings were assigned based upon the ICO's assessment of the risks involved.

BMBC responded to these recommendations positively, agreeing to formally document procedures and implement further compliance measures.

The following charts summarise BMBC's response to the recommendations made.

A pie chart showing the overall percentage of recommendations accepted, partially accepted or rejected.



The pie chart above shows that overall, 99% of recommendations have been accepted, 1% have been partially accepted and 0% have been rejected.

Follow-up process

The objective of a follow-up audit assessment is to provide the ICO with a level of assurance that the agreed audit recommendations have been appropriately implemented to mitigate the identified risks and thereby support compliance with data protection and freedom of information legislation and implement good practice.

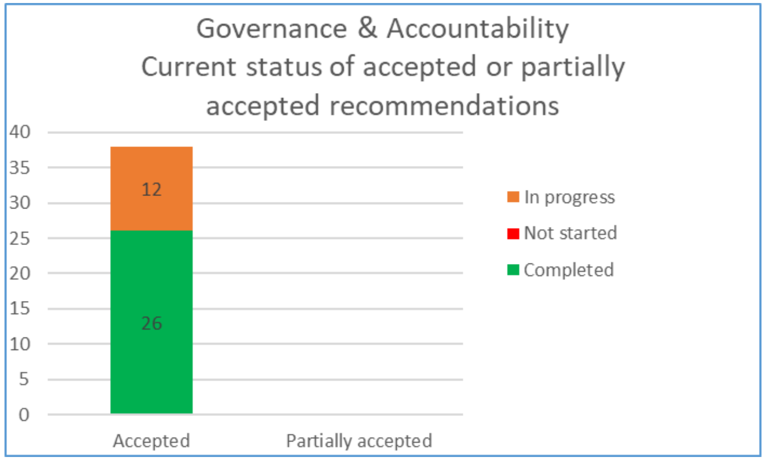
For all Urgent and High priority recommendations made in the original audit report, BMBC are required to provide an update on the actions they have taken with supporting documentation to evidence progress.

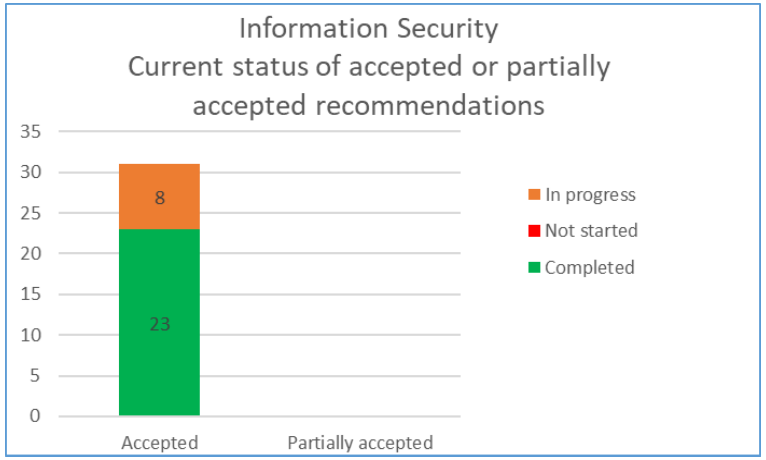
For all Medium and Low priority recommendations made in the original audit report, BMBC are required to provide an update on the actions they have taken.

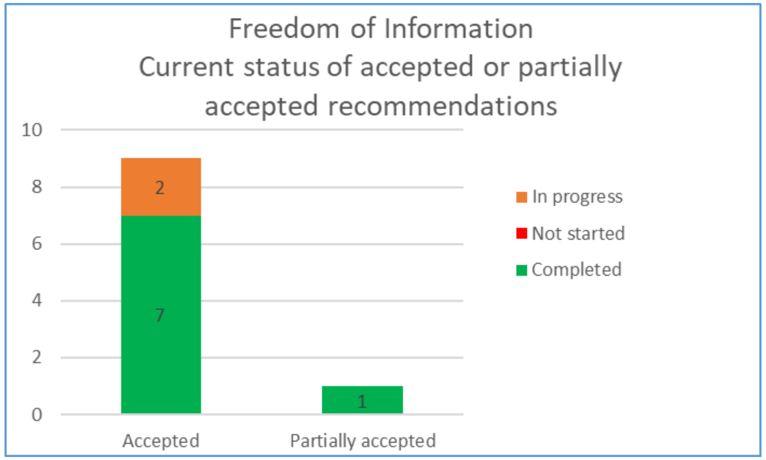
The updated Action Plan should be signed off at Board Level.

Follow-up audit summary

A desk based follow-up took place in April 2022 to provide the ICO and BMBC with a measure of the extent to which BMBC had implemented the agreed recommendations. The following charts show a summary of progress to date.







- In the Governance and Accountability scope area we are pleased to note that 26 of the accepted recommendations have been completed, however 12 remain still in progress.
- In the Information Security scope area we note that 23 of the accepted recommendations have been completed and eight remain still in progress.
- In the Freedom of Information scope area there are seven accepted recommendations and one partially accepted recommendation which have been completed. Only two remain still in progress.

There are several recommendations where ICO's opinion as to their status has differed from BMBC's opinion.

Where the ICO has assessed actions as still in progress and BMBC have marked these actions as completed:

Urgent and High priority actions (see main risk areas still outstanding below for details): a.7, a.19, a.20, b.11, b19.

Medium and Low priority actions:

a.13 **–** Policies are reviewed every two years, however there is no specific compliance section within the Policy Template explaining how monitoring of compliance with the policy will be carried out.

b.7 - Although evidence was provided to suggest that a high level monitoring of the risk of outdated infrastructure, data centre, applications and programmes is managed on the Information Governance (IG) Risk Register, there is no evidence that a written assessment methodology is in place to manage and list the risks associated with individual outdated IT Hardware and software. It was reported that IT apply the HAZID/HAZOP risk assessment methodologies to risk assess IT projects, software and infrastructure. BMBC are yet to decide whether to purchase a tool to manage the risk assessment process.

Where the ICO has assessed actions as completed and BMBC has marked these actions as still in progress:

b.22 - Auto screen lock timing has been reviewed and has been adjusted. The IT Security Policy indicates that PCs will lock after 20 minutes if unattended or inactive.

Key follow-up audit findings

Main improvements include:

- An IG Manager has been allocated and acts as BMBC's Data Protection Officer (DPO). The role has been documented in a detailed job description. This should help to avoid any conflict of interests. A fixed term resource has also been allocated to assist the IG Manger (a.1).
- A large network of IG Champions has been reinstated since November 2021. The group meets monthly. Updates from the meetings are provided to Information Governance Steering Group (IGSG). This should help BMBC embed its compliance of data protection and FOI across the Council (a3).
- An updated Risk Management Strategy has been implemented. An IG Risk Register has been developed. Evidence has been provided that IG high level themes are monitored at corporate level (a.4).
- An Appropriate Policy Document has been created and approved by IGSG (a.6).
- IG Key Performance Indicators (KPIs) have been set and reported against monthly to IGSG. Some KPIs have been reported to the Audit Committee on a monthly basis (a.16)
- Contracts have been updated to include the requisite UK GDPR clauses. Compliance around the contracts register is reported quarterly to IGSG. Contract monitoring is in place and the DPO reviews key contracts annually (a.16).
- A Legitimate Interest Assessment has been completed setting out the legitimate interests for processing of personal data for HR purposes. This was completed in October 2021 (a.23).
- The DPIA checklist, template and guidance has been reviewed and updated. DPIA screening needs to be completed before the outset of all projects (a.31, a32, a33, a.34 and a.35)

- An updated IG Incident Procedure has been approved by IGSG. It was reported that reporting of IG Incidents process is reinforced through the IG mandatory training. Training statistics are reported to IGSG and the Audit Committee. (a.36 a & b).
- The breach log has been updated to include a section for recording any actions taken and points of learning from incidents. A monthly report on personal data breaches is provided to IGSG by the DPO (a.36.c).
- The Information Security (IS) Policy and IT Security Policy have been updated to include the requisite version control information (b.1).
- A review of all contracts has been completed to ensure they include the expected IG clauses. All contracts are checked by the DPO to ensure they contain the requisite clauses around personal data breach notification by the processor within a specific timescale. Contactors are expected to follow the IS Policy which also outlines personal data breach reporting guidance (a.15 and b.28).
- The IG Incident Procedure includes information on how and when the ICO and data subjects need to be notified (b.31)
- All FOI and EIR guidance has been reviewed and updated and is available on the intranet. FOI and EIR requests will now be administered through the newly established Business Support Service. This will allow greater consistency of responses and ensure deadlines are met (c.1 and c.4).
- FOI training needs have been reviewed and training content refreshed. FOI training is part of BMBCs mandatory training suite. This training is refreshed annually by all staff (c.3 and c.8).

Main risk areas still outstanding:

- A policy template has been created which includes the expected document control information. An IG Policy Schedule has been created. Some polices have been reviewed, but some information has not been populated for example the date of next review. There is also no information provided on whether ICT policies have been reviewed or not (a.7)

- A training needs analysis has been created for all IG training. This includes training for specialist IG roles. The Caldicott Guardian has completed relevant training. However other specialist training is still at the commissioning stage and is yet to be completed (a.10).
- A lot of work has gone into updating the Record of Processing Activities (ROPA), which is now a detailed document. A process for maintaining the ROPA has been created and rolled out. Information Asset Owners and Information Asset Managers have received training around their responsibilities linked to the ROPA. The ROPA contains the majority of the information expected under UK GDPR Article 30.1 apart from (g) ‘a general description of the technical and organisational security measures referred to in Article 32(1)’. In order to ensure full compliance with UK GDPR Article 30. BMBC will need to record its technical and organisational measures used to protect the personal data it is processing (a.19).
- There is a column in the ROPA where the purpose of the processing is detailed. Where legal basis has been recorded, some entries record a clear statutory basis but other entries do not. Where public interest has been recorded as a lawful basis, the public interest activity has not always been clearly defined (a.20).
- USB storage devices are no longer in use. BMBC are currently in the process of moving to Microsoft Device Management and encryption solution. It plans to put in place measures to prevent the reading of and writing to USB pen drives (b.11).
- The Agile Working Policy is referenced within the IT Security Policy. However there is no detailed process for granting and revoking access to buildings. Also, it has been reported that the DPO will request a spot check on a quarterly basis of staff access to buildings, however there is no evidence that these checks have been carried out as yet (b.19).
- Staff in Business Support Service are due to receive training on the new FOI and EIR request process (c.9).

Observations:

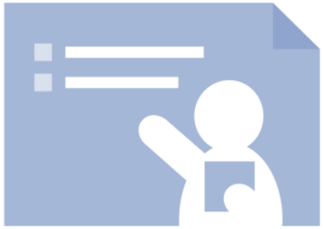
a.1. The DPOs role has been documented in a detailed job description (JD). It covers the majority of the tasks expected of the DPO within UK GDPR Articles 35, 35 and 37. However the JD doesn't reference the fact that the DPO should act as the point of contact for the Regulatory Authority (the ICO) for any queries or complaints, where there may be a reportable personal data breach to ICO or where prior consultation with the ICO is required for high risk processing where risks cannot be sufficiently mitigated.

b.10.- It is reported that there is a form on the intranet that staff can complete to explain why they need to transport data outside of normal methods. This is signed off by a line manager. This process hasn't been referenced in the IS or IT Security Policies.

Follow-up audit conclusion

The follow-up is now complete, BMBC has made good progress towards completing the actions agreed in the original audit. Some outstanding actions exist, but meaningful progress is being made with the remaining actions to mitigate the risk of non-compliance.

Credits



ICO Auditor

Helen Oldham – Lead Auditor

Thanks

The ICO would like to thank Marcus Connor, Information Governance Manager and Data Protection Officer for their help in the audit follow up engagement.

Disclaimer

The matters arising in this report are only those that came to our attention during the course of the follow up audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of Bury Metropolitan Borough Council.

We take all reasonable care to ensure that our follow up audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.

This report is solely for the use of Bury Metropolitan Borough Council. The scope areas and controls covered by the original audit were tailored to Bury Metropolitan Borough Council and, as a result, this report is not intended to be used in comparison with other ICO follow up audit reports.

Classification	Item No.
Open / Closed	

Meeting:	Audit Committee
Meeting date:	25/7/22
Title of report:	Unaudited Statement Accounts 2021/22 - background
Report by:	James Hopwood
Decision Type:	**Non Key Decision**
Ward(s) to which report relates	

1. **Executive Summary:**

1.1 This report presents the unaudited Statement of Accounts for the 2021/22 financial year. The report highlights the overall financial position for the year.

1.2 Whilst there is no longer a requirement to present the unaudited accounts to Members before the external audit process commences, the Council has continued this practice as it gives Members early notification of the financial outcome of the previous financial year and is considered to be good practice.

1.3 The unaudited 2021/22 Statement of Accounts will be completed by 31 July 2022, in accordance with the specified timetable set out in the Accounts and Audit (Amendment) Regulations 2021. However, there will be an update between the statement of accounts presented in this report showing progress as at 15 July 2022 and the unaudited 21/22 Statement of Accounts which will be published on 31 July 2022. A list of areas still being worked on is set out in paragraph 7.

1.4 There is a requirement to obtain certification of the draft accounts by the responsible financial officer, for the Council this is the Executive Director of Finance. Certification of the audited Statement of Accounts will be required from the Executive Director of Finance and the Chair of the Audit Committee.

2. **Recommendation(s)**

2.1 The Committee is asked to consider and note current progress on the 2021/22 unaudited Statement of Accounts; and their publication on Bury Council website, prior to the commencement of the external audit.

Reasons for the decision: Best practice

Other options considered and rejected: N/A

Key considerations

3. **Background**

3.1 The accounts will be available for public scrutiny from 2 August to 13 September 2022. This will be advertised on the Council's website. The unaudited accounts will be placed on the Council's website on 29 July 2022 in line with the Government's policy of increased transparency in the public sector.

3.2 The accounts will be subject to external audit.

3.3 The style and format of the accounts is largely prescribed by the CIPFA Code of Practice (The Code). Audit Committee should assure themselves that the Narrative Report is consistent with the core financial statements.

3.4 The Statement of Accounts for Bury Council comprises of:

- A narrative statement by the Executive Director of Finance and S151 Officer
- The statement of responsibilities for the accounts
- The core financial statements, comprising:
- The movement in reserves statement
- The comprehensive income and expenditure statement
- The balance sheet as at 31 March 2022
- The cash flow statement
- The notes to the core financial statements
- The Housing Revenue Account
- The Collection Fund
- The Group Accounts

3.5 Elected members are not expected to be financial experts, but they are responsible for approving and issuing the Council's financial statements. In doing this they are playing a key role in ensuring accountability and value for money are demonstrated to the public. However, local authority financial statements are complex and can be difficult to understand: they must

3.6 comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards and also the accounting and financing regulations of central government.

3.7 This covering report explains the key features of the primary statements and notes that make up the 2021/22 Statement of Accounts. The narrative statement provides further information on the key issues for the benefit of readers of the statements.

4. **Narrative Statement**

4.1 The purpose of the narrative statement is to provide commentary on the financial statements. It includes an explanation of key events and their effect on the financial statements. The information in the narrative statement is consistent with budget information provided during the year and reconciles to the year-end financial position due to be reported to Cabinet on 7 September 2022.

5. **Core Financial Statements**

5.1 <u>Movement in reserves statement</u>
Reserves represent the Council's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable. The level of usable reserves, the Council's spending plans, and other sources of funding determine how much council tax needs to be raised. Unusable reserves derive from technical accounting adjustments and cannot be used to support spending. The movement in reserves statement analyses the changes in each of the authority's reserves between 2020/21 and 2021/22.

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

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

5.3 <u>Balance Sheet</u>
The balance sheet is a 'snapshot' of the authority's financial position at a point in time, showing what it owns and owes at 31 March 2022. It is divided into two halves that, as the name suggests, balance. These are assets less liabilities (the top half) and reserves (the bottom half).

5.4 Cash flow statement

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

5.5 The Notes to the accounts

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

5.6 Housing Revenue Account (HRA)

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

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

5.7 The Collection Fund

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

5.8 The Group Accounts

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

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

6. **Points of Note on the 2021-22 Statement of Accounts**

6.1 Useable revenue reserves declined by £21.7m from £139.1m at 1 April 2021 to £117.4m at 31 March 2022. This decline was driven by the deployment of Covid grants across the Borough, as well as the utilisation of other external funding during the 2021/22 financial year. Covid grants in particular were utilised to support residents and businesses during the pandemic. A reduction in revenue reserves was also planned because £7.7m of revenue reserves were set aside to support the 2021-22 budget. Further reserves were also created during 2021/22 to support additional investment in children's services, an increase to the smoothing reserve and a utilities pressures reserve.

6.2 The Housing Revenue Account (HRA) ended the 2021/22 year with a £0.58m reduction in useable balances, from £10.4m at 1 April 2021 to £9.8m at 31 March 2022. The £9.8m provides a buffer for financial pressures in the 2022/23 financial year and beyond. £12.5m of capital expenditure to maintain the Decent Homes Standard was also funded from the Housing Revenue Account during 2021/22.

6.3 Capital useable grants increased from £9.6m to £16.1m. These grants cannot be used to fund day to day costs within the revenue budget. However, they are available for investment in long-term assets within the Council's capital programme.

6.4 The 31 March 2022 position on useable reserves, revenue and capital, will inform the development of the Medium Term Strategy and budget setting for 2023/24 and beyond.

6.5 By regulation, the Council receives the exact amount (precepts) budgeted for in relation to Council Tax and Business Rates; the receipt of these precepts funded the revenue budget and impacts on the available revenue reserves. These precepts are paid from a separate account managed by the Council, called the Collection Fund. This account also pays out precepts to the Police and the Greater Manchester Fire and Civil Defence Authority (known as preceptors). The difference between the precepts paid out and the Council Tax and Business Rates collected, results in a surplus or deficit at the end of the financial year, to be recovered in future years and factored into the budget setting.

6.6 Overall for 2021/22, the Collection Fund had a deficit of £9.4m – with Bury's share being £10.1m. Bury's share is higher than the overall Collection Fund deficit because it includes amounts brought forward from previous years and the deficit is split differently in different years. The 2021/22 deficit was on Business Rates collection, while Council Tax receipts were better than expected.

6.7 This Business Rates deficit was caused in part by a government decision to extend pandemic reliefs (discounts on Business Rate bills). The Government introduced these additional reliefs as compensation for the restrictions on businesses, which continued into the first part of the 2021/22 financial year.

6.8 The financial impact on the Council of these reliefs will be mitigated by the receipt of compensatory grants to fund its share of the cost of the extended relief: due to technical accounting rules, these grants are not paid into the Collection Fund but are received directly into the Councils' revenue budget accounts.

6.9 The government decision to extend pandemic reliefs into the 2021/22 financial year occurred after January 2021 - the date when the Business Rate budget was set and 2021/22 precept amounts determined.

6.10 The Council also spent £45.7m on long term infrastructure, within its capital programme. This expenditure was funded £15.3m from capital grants, £12.6m directly from revenue budgets (including the £12.5m from the HRA), £0.6m from capital receipts and £17.2m of borrowing. Spend on long term infrastructure was lower than expected, due to the impact of the pandemic which slowed building projects.

6.11 The Council's net worth has increased to £298m compared with £128m as at 31 March 2021. However, a key cause of this is the nominal valuation of the defined benefit pension fund, in accordance with technical accounting rules. This deficit reduced by £125m in 2021/22. This was due to a change in actuarial projections, including around the future cost of pension benefits. It is important to note though, that these actuarial projections are volatile between years and do not determine the actual rate of employer pension contributions paid out of the revenue budget. The actual pension contribution rate is determined by a separate actuarial valuation using different rules.

7. List of areas being worked on between 15 July and 31 July

7.1 Within the Group Income and Expenditure Statement, inter-group transactions are in the process of being identified. The main impact will be to net off expenditure and income within this statement.

7.2 Some investigations and discussions are in progress regarding a technical issue relating to the revaluation of housing assets within the HRA. Potentially, this will impact on asset values shown at 31 March 2022 on the balance sheet as well as movements in the Movement in Reserves Statement. There will be no impact on HRA Useable Reserves.

7.3 Further review and checking of the single entity and group cash flow will take place. These statements are properly balanced and reconcile to the cash balances. However, there are likely to be some contras between lines showing the different types of cash movements in year.

7.4 Some work is ongoing reviewing the impact of recharges between the General Fund and HRA. This work is being further reviewed and may be updated.

8. **Infrastructure assets**

8.1 A technical accounting issue has been raised by external auditors in relation to infrastructure assets. This applies to all Councils with infrastructure assets. As a consequence of this technical issue, the risk is that external auditors are unable to approve Council's statement of accounts and further work will be required to restate the asset values.

8.2 The technical issue is about how the monetary value of replaced parts are removed from Councils' asset registers. Councils' assume that the relevant part's value has been fully depreciated, prior to being replaced. The issue raised by external auditors is whether there is sufficient evidence to support this assumption.

8.3 There are discussions, consultations and proposals between national bodies and external auditors, in order to identify a way forward. However, if this technical issue is not resolved, potentially it would impact on the audit of Bury Council's accounts. This is a national issue and not novel to Bury Council.

Community impact/links with Community Strategy

Equality Impact and considerations:

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

> *A public authority must, in the exercise of its functions, have due regard to the need to -*
>
> (a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
>
> (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
>
> (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

Equality Analysis	*The statement of Accounts is a record of past financial expenditure. It does not determine future resource allocation.*

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

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
The report is for information purposes and does not propose or require a decision.	

Consultation:

Legal Implications:

To be completed by the Council's Monitoring Officer

Financial Implications:

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

Report Author and Contact Details:

Sam Evans sam.evans5@nhs.net 0161 253 7858

Background papers:

None

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

Term	Meaning

Statement of Accounts 2021/2022

Table of Contents

Introduction by Executive Director of Finance

I am pleased to introduce our financial accounts for 2021/22. 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 2021/22 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 2021/22 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 2021/22 are prepared and set out.

Sam Evans

Executive Director of Finance and S151 Officer

Certificate of the Statement of Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bury Council at 31 March 2022, and its income and expenditure for the year ended 31 March 2022.

Sam Evans

Executive Director of Finance and S151 Officer

XX XXXX, 2022

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts for the financial year ended 31 March 2022, was approved under delegated powers as agreed by the Audit Committee at the meeting held on xx xxxxx, 2022.

Councillor Mary Whitby

Chair of Audit Committee

xx xxxxxx, 2022

Narrative report

Introduction to Bury

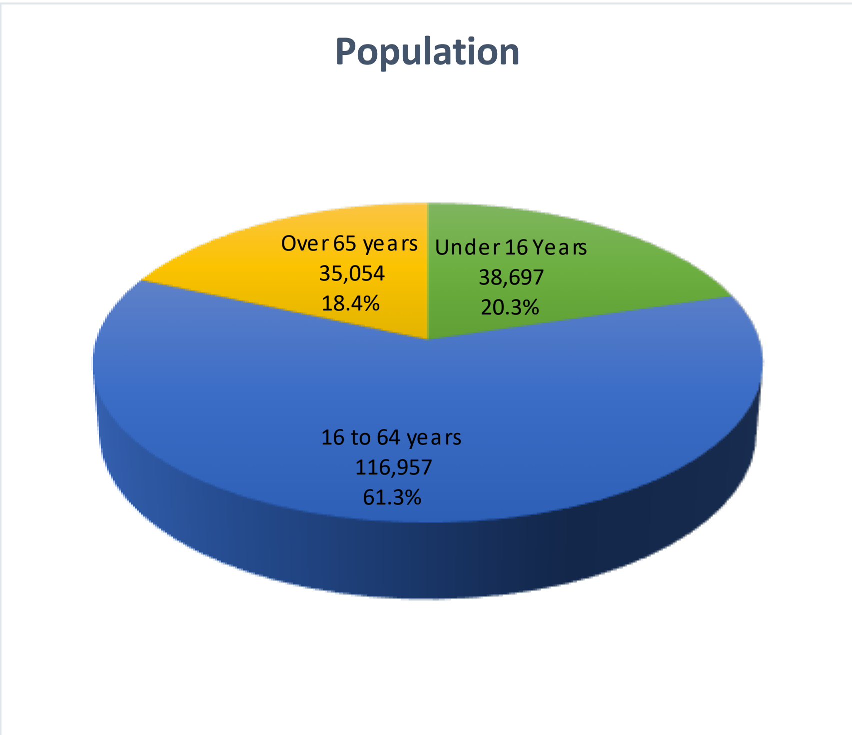
Bury Council is one of ten local authorities in the Greater Manchester region. Bury is a place of independent shops, good schools, thriving businesses and strong communities making it a place where people want to live, work and spend their leisure time.

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's Medium Term Financial Strategy 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) 2020 mid-year population estimate report Bury's total population as 190,708. 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 2.3% of the population compared to 2.5% nationally. Under 16s are higher than regional and national averages.

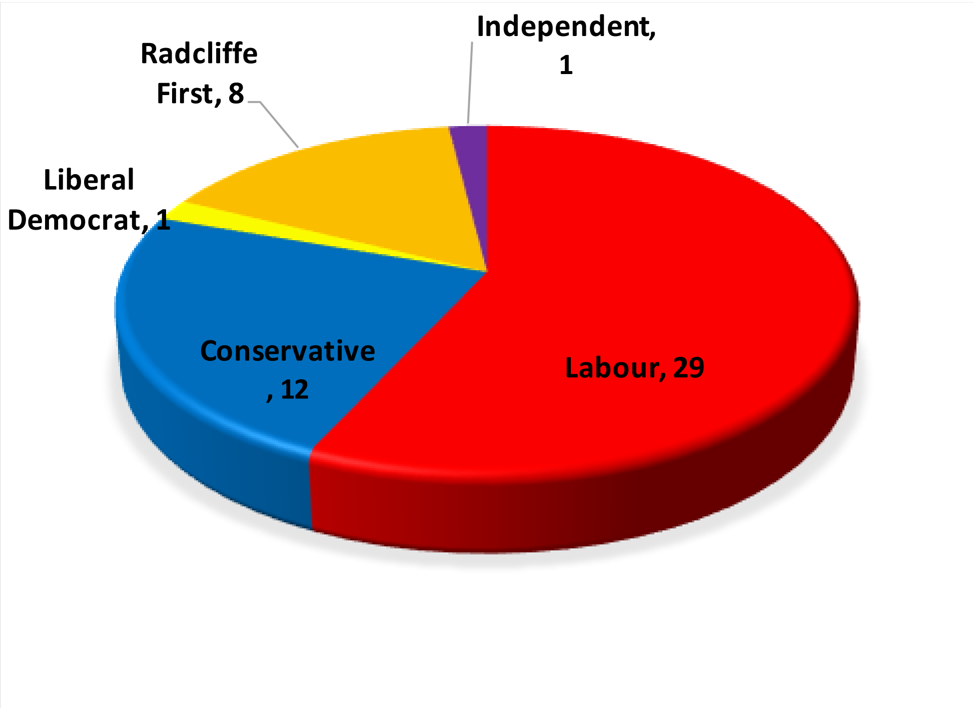
The population is expected to increase to 207,091 by 2043. There is expected to be a high increase in those residents aged 80 and over from 8,800 in 2018 to 14,935 in 2043, with resulting increases in demand for health and social care services.

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.

Political Structure

Bury is made up of 17 wards with 3 Councillors representing each ward giving an overall total of 51 members. During 2021/22 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 2021/22 consisted of a Leader and 8 Cabinet Member Councillors each of whom hold a Cabinet Member portfolio. These were as follows:

- Leader and Cabinet Member for 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 Corporate Affairs and HR
- Cabinet Member for Environment, Climate Change and Operations
- Cabinet Member for Communities

- Cabinet Member for Culture and The Economy
- Cabinet Member for Housing Services

Cabinet members are also held to account through the following Overview and Scrutiny Committees.

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 2021, the Council, excluding staff directly employed by schools, employed 1,925 full time equivalents and this had decreased to 1858 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 NHS is a key enabler for the Council and the ability to integrate and work alongside our partners is key.

Council Plan

In 2021/22 the Council continued to lead the Team Bury partnership to deliver 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 2022/23 and beyond.

Impact of Covid

The continuing 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 part of 2021/22.

During the pandemic 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. To a lesser extent staff were redeployed to support key roles in 2021/22, for example payment of grants to businesses affected by the lockdowns. 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.

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

The Council submitted regular returns to the Ministry of Health, Communities and Local Government (MHCLG) to monitor the financial impact of the pandemic. The key financial risks for the Council were, and continue to be, increased demand for services and also loss of income. Income loss in both 2020/21 and continuing into 2021/22 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. 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 are 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 2021/22 was set around the Council's priorities and key deliverables. The creation of the £5.8m transformation fund in 2020/21 was in recognition of the fact that the Council needed to create some funding to support council wide transformation that would lead to cost reductions and efficiencies in the future. Work began in earnest in 2021/22 to start to deliver the transformational projects which will help Bury Council to become an organisation that is digitally enabled.

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 £171.851m and was set by Full Council in February 2021. 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 2022/23 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 Expend-iture	Variance (Under)/Over Spend
	£m	£m	£m
Business, Growth and Infrastructure	3.593	3.680	0.087
Children, Young People and Culture	45.425	47.514	2.089
Corporate Core Services	14.166	13.393	(0.773)
Housing General Fund	0.705	1.312	0.607
Non-Service Specific	5.195	0.296	(4.899)
One Commissioning Organisation	81.260	80.194	(1.066)
Operations	21.507	21.295	(0.212)
Creation of Utilities Earmarked Reserve	0.000	1.500	1.500
Increase Children's Earmarked Reserve	0.000	0.500	0.500
Increase Smoothing Reserve	0.000	1.500	1.500
TOTAL	**171.851**	**171.185**	**(0.666)**

Capital Resources

Capital Programme Original Budget 2021/22	2021/22 Actual	2022/23 Forecast
	£m	£m
Capital Grants and Contributions	15.258	28.025
Receipts from the Sale of Assets	0.613	0.453
Direct Application of Revenue Resources	12.631	19.255
Borrowing (To be repaid from revenue resources) Includes slippage brought forward from previous years	17.234	99.012
Total Capital Resources	**45.736**	**146.745**

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 2022/23 budgeted figures are £60.117m of schemes that have been brought forward from the 2021/22 financial year. When the capital programme for 2022/23 was set in February 2022, slippage of £57.734m was reflected in the programme. Since then, there has been further slippage of £2.383m that will be carried forward.

It should be noted that delivery 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.

During 2021/22 the Council was successful with both of its submissions to receive £20m of levelling up funds. One for Radcliffe and one for the Bury market flexihall project.

There will be a significant review of the capital gateway and prioritisation process in 2022/23.

Savings and efficiencies

Bury has delivered £93.107m in savings between 2010 and 2021, with a further £5.533m being delivered in 2021/22. The delivery of some of these continued to be impacted by Covid as in the previous year and, where possible, alternative efficiencies were identified. All of the agreed savings targets remain in the budget for 2022/23 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 monitors the delivery and deliverability of savings is in place. This embedded support will continue into future years.

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.

As part of the year end review with the Executive team, the consolidation of some reserves that were no longer needed was agreed to create a capacity reserve to support the delivery of the savings programme and ensure that the collective benefit could be maximised and that a more strategic approach could be put in place. Further additions were also made to the children's reserve created during 2021/22 and a smoothing reserve created as part of the 2022/23 budget setting. A reserve was also created to support the rising costs of energy if they could not be contained through other measures.

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) continued to work with Bury as part of Project Safety Valve, in the period of the plan to reduce the deficit and recover the deficit over a defined period of time.

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 2021/22.

Analysis of Reserves as at 31 March 2022	
Reserve	**£m**
General Fund Reserve	23.816
Directorate Risk Reserves	9.257
Volatility and Fiscal Risk	36.990
Total Management of Risk Reserves	**70.063**
COVID-19 Related Grants	4.691
Corporate Priorities	19.854
External Funding/Grants	19.427
Other Earmarked Reserves	12.08
Total Earmarked Reserves	**56.052**
TOTAL COUNCIL RESERVES	**126.115**
Schools Reserves	8.846
TOTAL NET RESERVES	**134.961**

Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner 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 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 2021/22. As a planning assumption, the loss of dividend has been assumed. 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. Interest from the loan is still being paid and will be payable.

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 2021/22 financial year 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. 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 2021/22

Over the past 12 months, whilst delivering throughout the ongoing 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

- As the Covid-19 pandemic dawned upon our borough and the country at large. Our number one priority was to provide help and support to our borough's residents and our businesses.

- When the chance came up for us to support the mammoth effort to end this pandemic by supporting the vaccination efforts we stepped up. We transformed the Elizabethan Suite into a vaccination centre and supported efforts to bring Covid-19 vaccines to the Prestwich Walkin Centre, Bealey's in Radcliffe, and Ramsbottom Civic Hall.

- We also opened a 'pop-up' Covid vaccination clinic at the Jinnah Centre aimed at Bury's South Asian community. This was led by local GPs, clinical pharmacists, and the community, together with Bury Council and NHS Bury CCG. It offered vaccinations to people who were eligible for a jab but had not yet taken up the offer.

- As of the 9th May 2021, our tremendous vaccination efforts meant we had given a first dose of the Covid-19 vaccine to at least 100,000 residents, with 61,000 having received a second vaccine and being fully vaccinated.

- **Business:** We have set up town centre boards in each of our townships to bring together local firms and help co-ordinate recovery post-Covid. We have a dedicated business support team, 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.

Recovery

We are also pleased to announce that we completed our 10-point plan for recovery set last July. This includes: Summer provision for our children; No rough sleepers; The Bury opportunity guarantee; Anti-poverty strategy refresh; Year of Culture; Health and care recovery; Backing Bury businesses; Working well; Economic recovery strategy; and championing the borough's key workers.

- **Opportunity:** Guarantee We progressed our work to ensure every resident of the Borough has the opportunity to maximise their life chances, including responding from the impact of Covid-19. The Opportunity Guarantee is aimed at all ages, from Early Years, through education including transition, to ensure opportunities to promote work and life readiness. The guarantee will provide a joined-up approach to skills provision, in one place, showcasing the variety of options regardless of circumstance. We are making a guarantee that everybody in the Borough has the opportunity to develop themselves or others and to get involved in their community as a volunteer.

- **Apprenticeships:** Earlier this year we proudly announced that we will be putting into place a policy which ensures that Bury Council apprenticeships will be ringfenced for our own residents. This will increase employment and training opportunities for people living in Bury. Plans will be brought forward in the coming months to make the most of this opportunity with residents as they come forward. This is on top of our work to create over 30 jobs through the government's Kickstart job creation programme.

- **Real Living Wage:** At the beginning of this pandemic, we clapped for the NHS and our key workers. The past year has proven to us how important our key workers are, and how we must not take the services they deliver for granted. Now, the council has gone one step further and committed to paying our employees, whether directly employed by the Council or contracted out, the Real Living Wage (£9.50ph). For people currently working full time on the minimum wage (£8.91 for over 25s) this could mean a pay increase of over £100 per month, potentially taking many people above the poverty line (21% of employees are paid below the Real Living Wage – Resolution Foundation) This is likely to have a huge difference for the thousands of staff we employ in our social care services and for those who clean our buildings to make them as safe as possible during the pandemic.

- **Environment:** At Bury Council we are taking our climate emergency pledge seriously as we continue to reduce our carbon footprint and make our air cleaner for our residents. This pledge has only been strengthened during the pandemic with a shift to home-working and a greater appreciation of our green spaces and parks, proving that we need to Build Back Better out of this pandemic. All six towns should be thriving and sustainable and by 2030 we will have delivered key regeneration opportunities within our town centres. Everyone will be living in a highquality carbon-neutral environment by 2038. We have signed up to a huge range of green/climate change initiatives, from carbon neutral pledges to tree planting, solar panels and new green bin wagons. We 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.

- **Parks and green spaces:** We agreed to spend £1.1m last year to improve our parks, which all have Green Flag status. All the borough's parks have been inspected and the first phase will be to refurbish three parks in East Bury which were considered to be most in need of investment – Manchester Road Park, Hoyles Park and Openshaw Park. In addition, most parks will benefit: work will include improvements to paths, structures, fencing, access, drainage, bins, play areas, ball zones, access and landscaping. There will also be a contribution to enhancements to car parking at Burrs Country Park and support for a scheme led by the Friends of Nuttall Park, plus work at St Mary's, Whitefield and Close parks. 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. There will also be provision for further development of the Burrs Strategy as well as health and safety works and developing external funding bids towards the longer term sustainability of this well used country park Other key enhancements to the borough's leisure facilities include improvements to all tennis courts over 2 years, athletics track development, public rights of way works, development of 3G all-weather football pitches and improvements to play areas and ball zones.

- **Infrastructure:** We agreed to invest a further £10 million in road improvements. Out of the £10 million, £4.5 million was allocated to structural maintenance (e.g. resurfacing), £3 million on preventative maintenance (e.g. surface dressing), leaving £2.5 million for reactive maintenance (e.g. potholes, patching).

- **Town of Culture:** Arts organisations in the borough creatively moved activities online to ensure culture could continue to flourish during our year as the first Greater Manchester Town of Culture. We were delighted to hear that our year of culture was extended for another year due to the impact of Covid-19, an opportunity we could not refuse. Bury's own The Met hosted much of the United We Stream programme in the first lockdown, featuring DJs, big name acts like Elbow and Brandon Flowers, performance, arts and food. We are now making final preparations to develop a new Cultural Strategy for the borough. Central to the strategy is the need for strong partnership and engagement activity to develop and deliver the borough's cultural vision together. It will also explore how Town of Culture activity can be used as means for conversations with wider communities to generate future cultural initiatives.

- **Health and fitness:** The pandemic has shown us how important leading healthy lives can be. During the first lockdown many of us took the opportunity to get outdoor for our daily exercise. As a result, we took the decision to give our council owned gyms an upgrade to encourage people to keep fit or improve their fitness in the future. 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. The council partnered with Matrix Fitness to install 135 of the latest machines across the three sites, including those which focus on building strength, function fitness and cardiovascular capacity.

Regeneration

- **Radcliffe:** We set out major short, medium and long-term regeneration plans for Radcliffe, to transform the area for generations to come. The plans for Radcliffe include: Civic Hub: a new public services hub in the heart of Radcliffe town centre which will bring real regenerative benefits into the core of the town and provide confidence for other owners to invest in their property/the town. Uses currently being explored include Council offices to accommodate staff relocating from Whittaker Street; Creative workspaces; a health-related facility; a community space; and retail / active frontage on the ground floor. Market Chambers: Refurbishment work is expected to commence in 2021. The SRF proposal is to bring the whole of the building back into active use, with potential to include flexible working space for young start-up businesses and entrepreneurs, particularly those in the technology and creative industries sectors, as well as retail and office use. Residential Development: The development of key brownfield sites will provide much needed new homes for Radcliffe residents and help to bring forward considerable investment and confidence into the town. East Lancashire Paper Mill (ELPM) - This site is being delivered jointly with Homes England On the School Street site over £880,000 of funding has been secured through Greater Manchester's allocation of the Brownfield Land Fund. Phase 2 of this project will involve identifying new opportunities for new large scale residential sites within Radcliffe. Phase 3 of the work will look at other potential sites in and around the centre, which are likely to be longer term opportunities.

- **A new High School for Radcliffe**: Thanks to the work of the Council and STAR Academies to make the Coney Green Site available for a new secondary school in

Radcliffe, STAR were able to submit a successful big to government for funding for a new secondary school. The new school will accommodate 750 pupils, opening one year at a time, i.e. start with a Year 7 with an intake of 150 and growing over 5 years to 750 pupils. Star Academies runs a group of 29 primary and secondary schools in Lancashire, Greater Manchester, West Yorkshire, the Midlands and London. The trust is one of the country's leading education providers. In 2018 and 2019, it was the top-performing trust in England for the progress pupils make at its secondary schools. Star Academies schools promote excellence in everything they do, with around half of all Star schools judged to be 'Outstanding' by Ofsted.

- **3G football pitch:** Earlier this year we worked with the Football Foundation and Lancashire County FA on developing a funding application for a 'state of the art' 3G football facility in Radcliffe. This would be the third of its kind in the borough, the others being at Goshen Playing Field and at Elton High School.

- **Prestwich Regeneration:** Over the past year we took our regeneration proposals a step further, including our proposals to transform the heart of Prestwich. We took the decision to buy the Longfield shopping centre from its current owners in order to drive forward multi-million pound regeneration of the village.

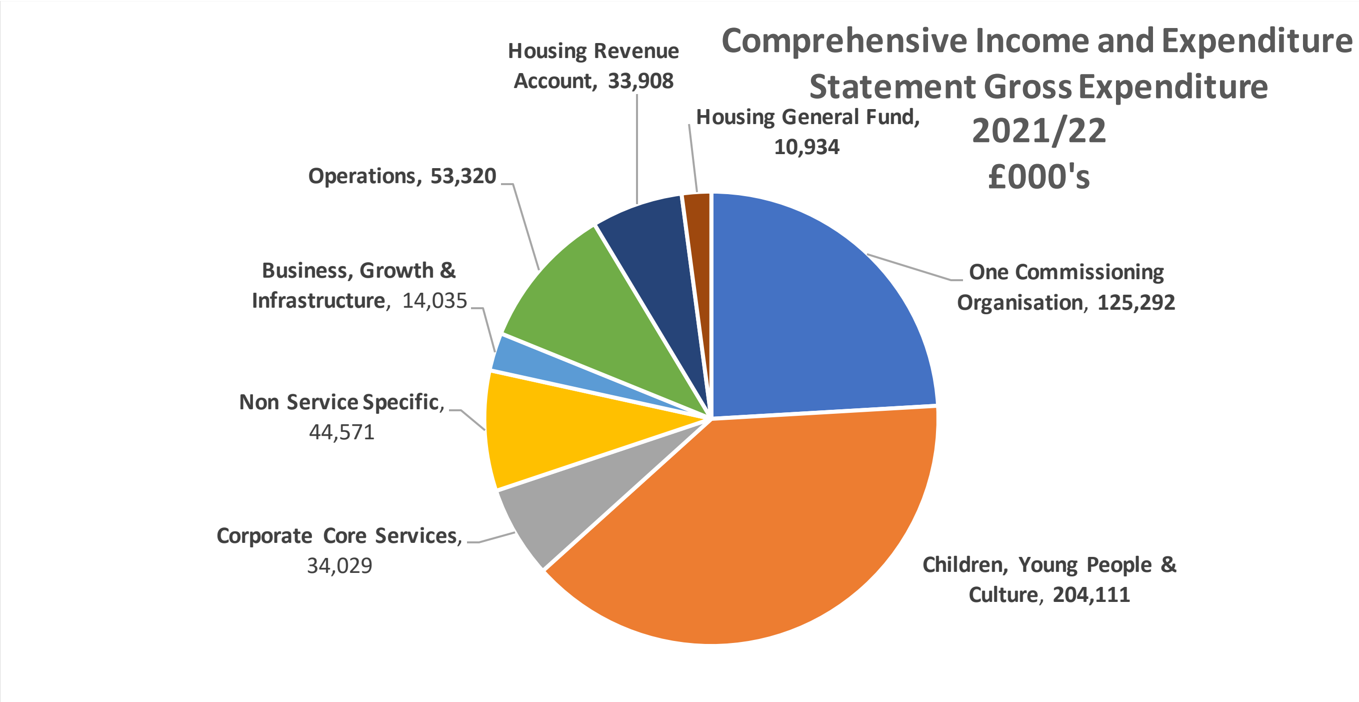
- **Masterplan for Bury Town Centre:** We are also developing plans to transform Bury town centre (including the transport interchange and Bury Market). We have bid successfully, and have submitted more bids, to build affordable housing on brownfield land in the area. We are consulting on our Housing Strategy to make sure we have the type of housing needed for the future.

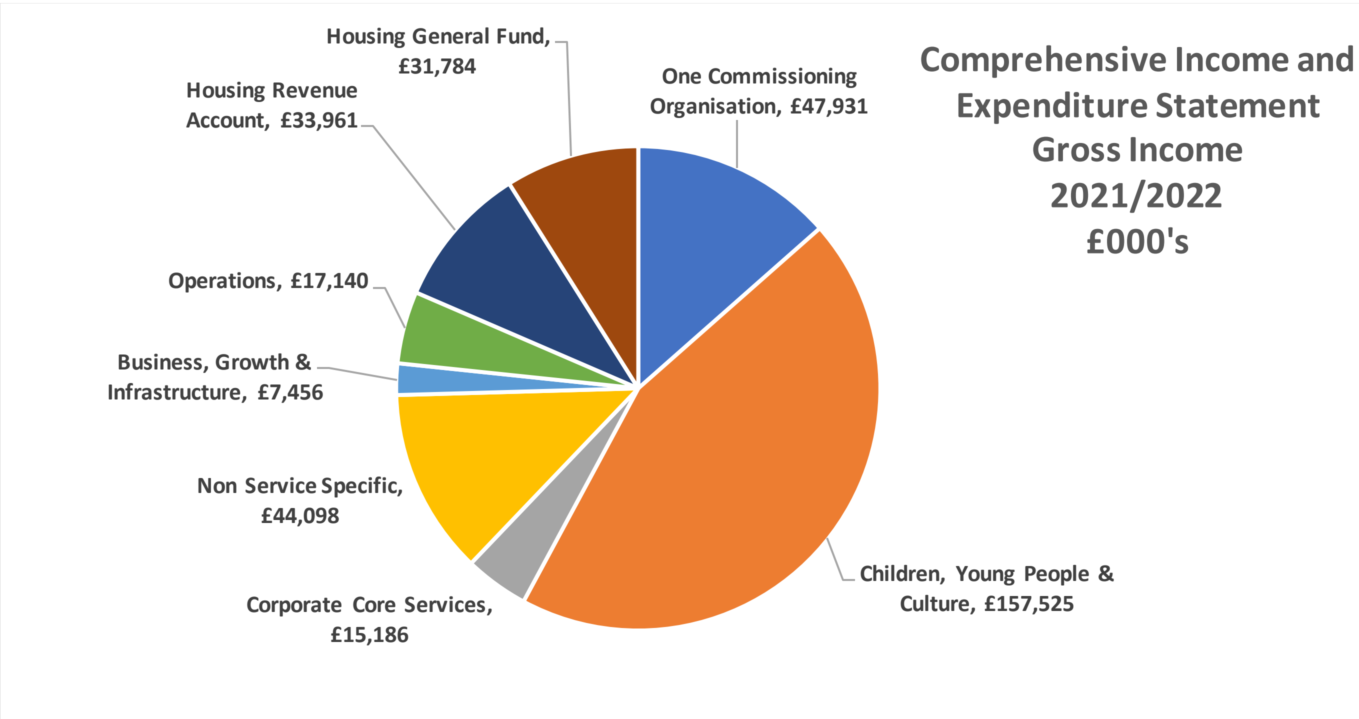
- **Ramsbottom Town Plan:** In November 2020, Cabinet approved proposals to engage consultants to prepare a public realm and place management plan for Ramsbottom. The plan will principally set out a series of initiatives to improve public realm, townscape and movement within the town centre and explore opportunities to improve its visitor offer in order to help maintain its role as a quality destination for the next 10 to 15 years.

Financial Performance 2021/22

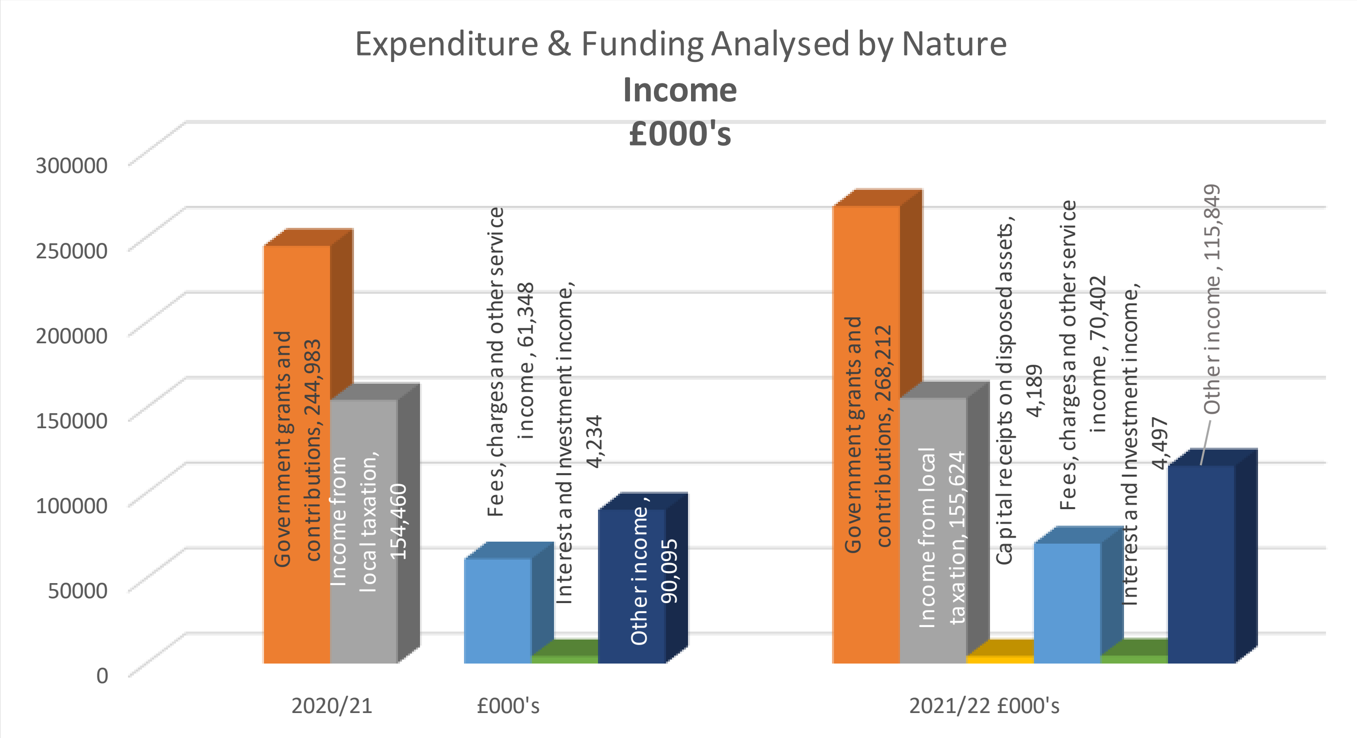
Our total revenue income from all sources in 2021/22 was £520,200m. We have spent £355,081m on providing our services, included schools. Together with some technical adjustments this makes up the gross expenditure shown in the Comprehensive Income and Expenditure Statement. This Income and Expenditure is analysed by department and by nature below:-

By department:-

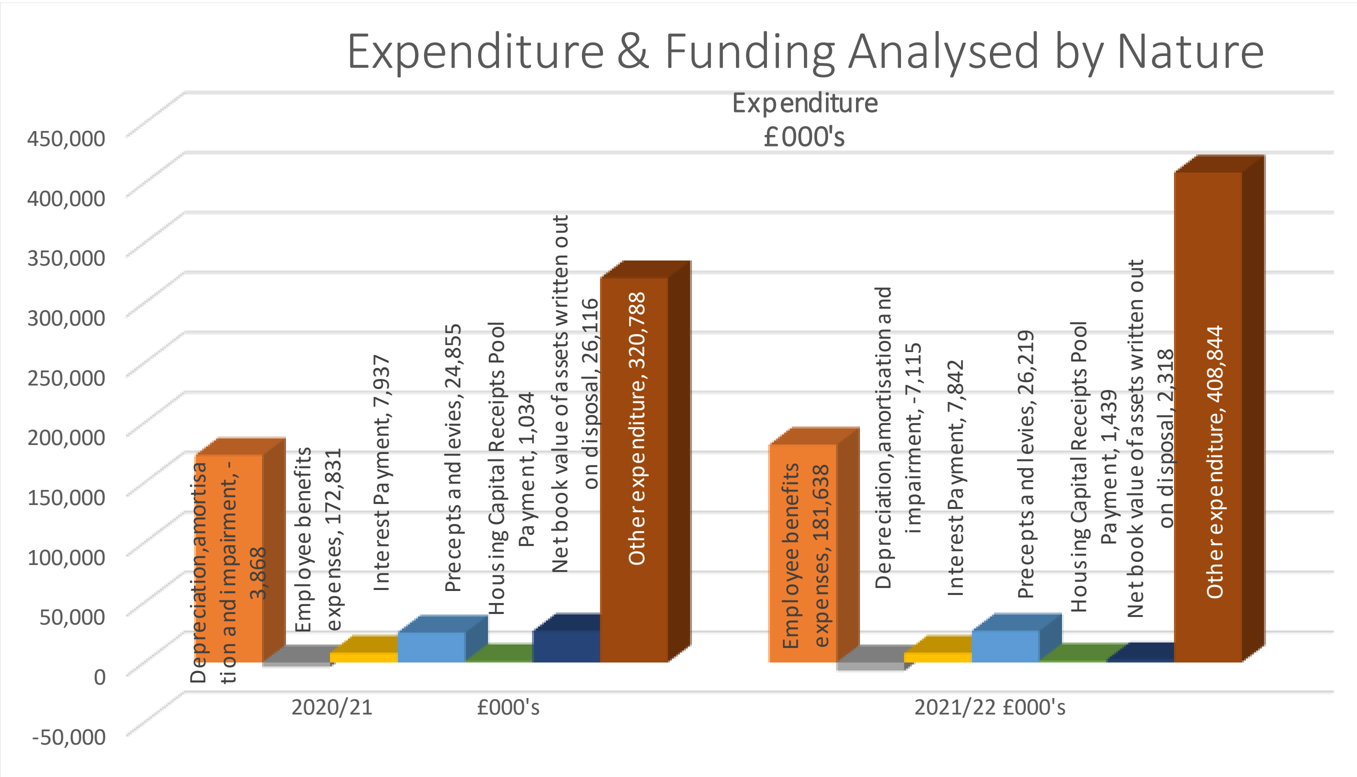




By nature:-



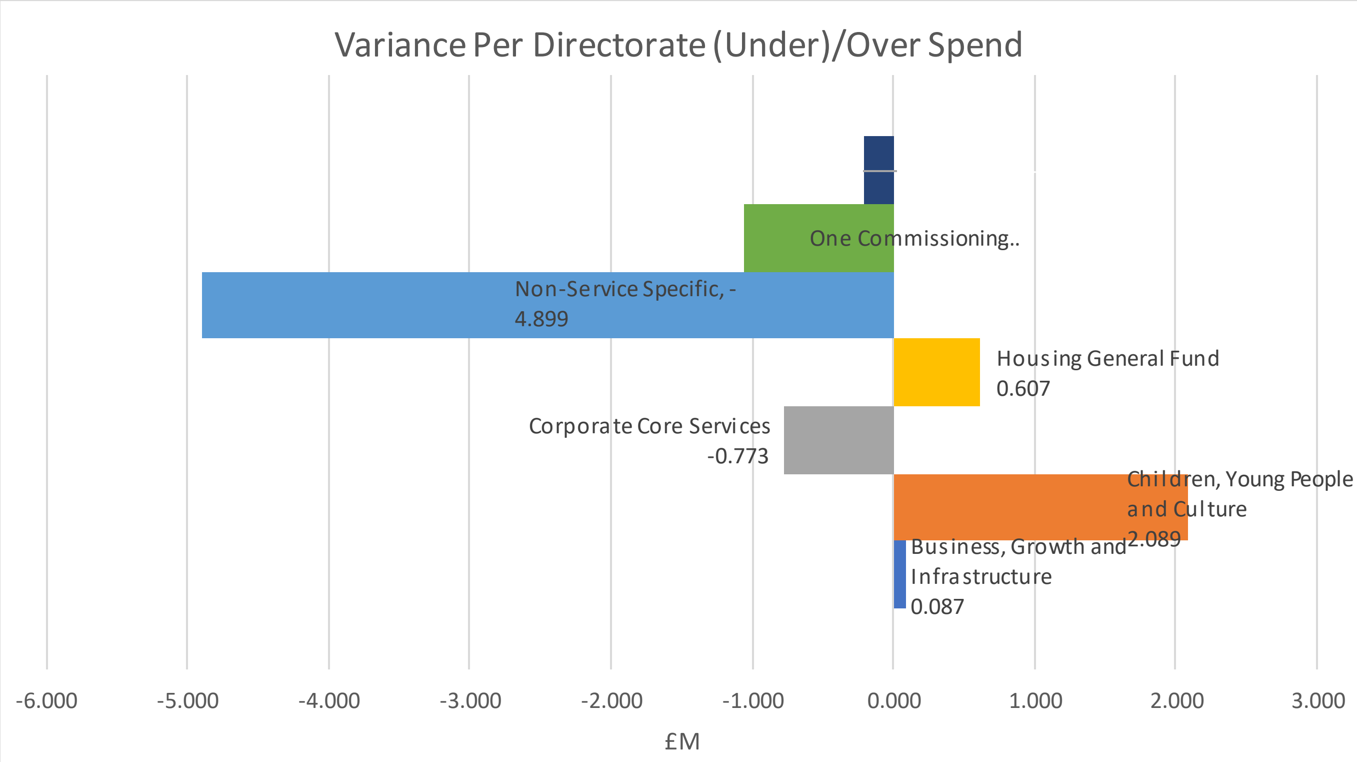
The 'Other expenditure' block above includes all payments made to suppliers for goods and services received during the year.



Revenue Underspends/Overspends

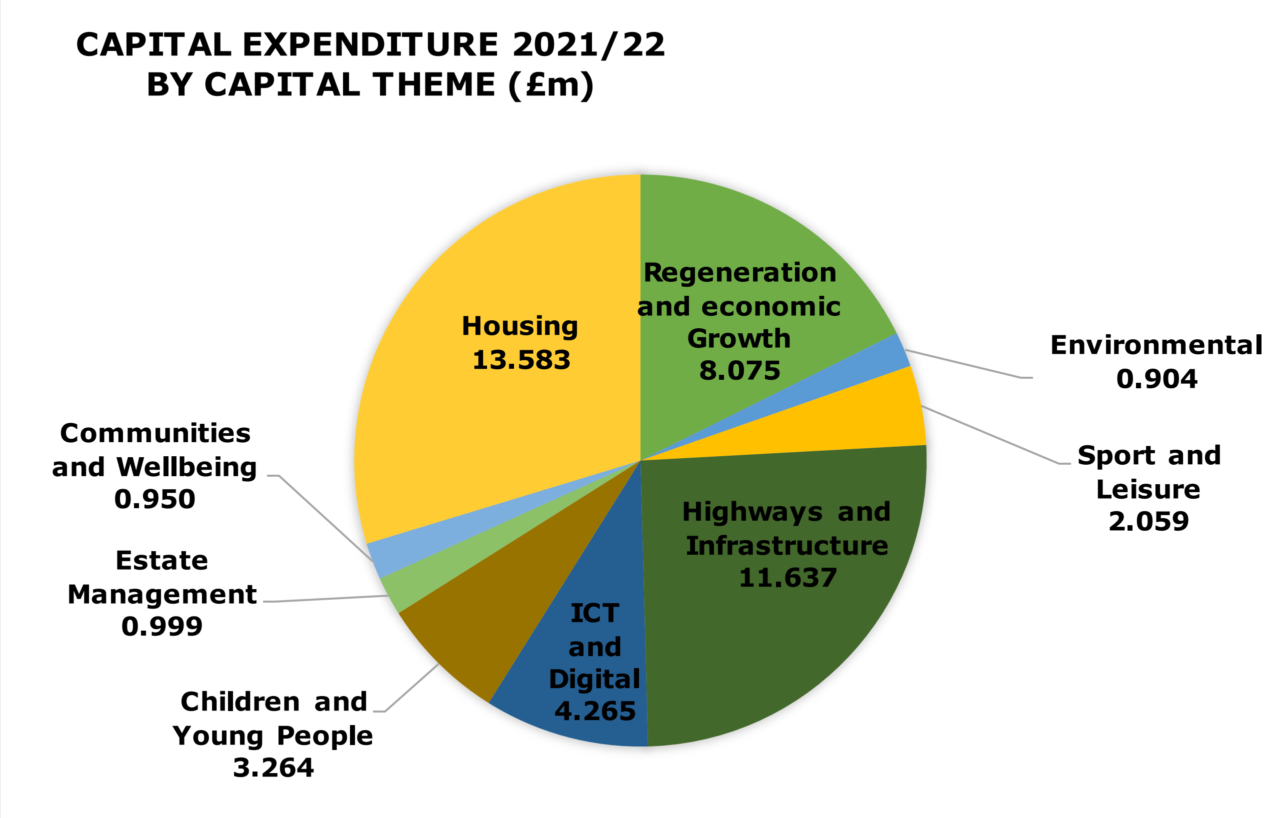
The net value of the funding and expenditure is an underspend of **£**0.666m. This follows the transfers to reserves in respect of childrens, smoothing reserve and utilities.

The under/overspends are as follows:



Capital Spending and the value of our assets

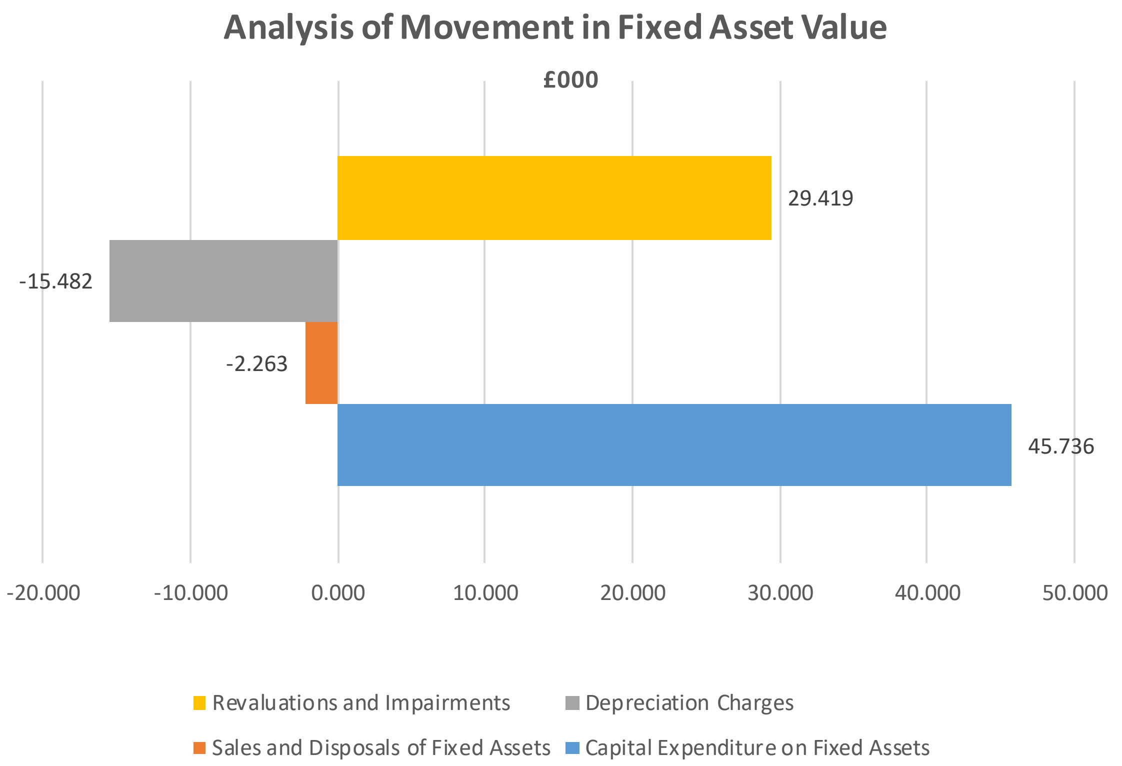
We spent £45.736m on capital related activities. This was £61.461m less than was included in the original capital programme and taking account of slippage brought forward from the 2020/21 financial year. The main reasons for the underspend were delays in the delivery of capital projects throughout the year. The Council has carried forward £60.117m of slippage into the 2022/23 financial year. The capital expenditure of £45.736m is analysed by theme in the chart below:



The capital expenditure of £45.736m is analysed by asset type in the table below:

2021/22	Analysis of Movement	Capital Expenditure £000
PPE	Community Assets	1,067
	Council Dwellings	12,648
	Infrastructure	7,779
	Other Land & Buildings	10,503
	Surplus Assets	26
	Vehicles Plant & Equipment	3,974
	Assets Under Construction	5,398
Other Long Term	Intangible Assets	951
	Investment Properties	5
	Long Term Investment	0
Other Expenditure Funded by Capital	Held for Sale	0
	Revenue expenditure funded from capital under statute	3,385
Total		**45,736**

Overall, the value of our assets has increased from £594.706m to £647.526m in 2021/22. While the capital expenditure of £45.736 was a significant reason for this increase, there were other causes, including the results of an external valuation. All the reasons for the increase are analysed below:



Reserves

There was a £7.732m planned use of General Fund reserves to balance the 2021/22 position.

In addition to General Fund reserves, Earmarked reserves have also been used throughout the year to deliver key priorities and deliver outcomes where specific funding had been received and was being held in reserves.

The accounts show that the council has £111.145m in earmarked reserves and a General Fund balance of £23.816m as at 31 March 2022, totalling £134.961m. 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.

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 2021/22 out turn on the collection fund is a deficit of £9.446m.

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
Balance Brought Forward	497	28,140	28,637
Prior Year estimated deficit paid in during the year	(550)	(25,143)	(25,693)
Deficit for the year	(4,849)	11,351	6,502
Closing Cumulative (surplus) / Deficit carried forward	**(4,902)**	**14,348**	**9,446**
Allocated to:			
Bury Council	(4,144)	14,205	10,061
GMCA Mayoral General	(223)	143	(80)
GMCA Mayoral Police and Crime Commissioner	(535)	0	(535)
Total Allocation	**(4,902)**	**14,348**	**9,446**

As part of the Council's 2021/22 budget setting process, the Council declared a (£25.693m) Collection Fund deficit for the year. In line with the legislation that governs the Collection Fund accounting, £25,356m has been contributed from the Council's General Fund in 2021/22 and £0.337m has been contributed from the GMCA Mayoral General precept and the GMCA Mayoral Police and Crime Commissioner Precept. The balance of £2.944m (£28,637m less £25.693m) will be required to be received into the Collection Fund 2022/23. The variance relates to the differences between the estimated position as at January 2022 and the final outturn position.

The year-end net deficit balance of £9.446m of which £14.348 relates to NNDR. This is largely due to the additional reliefs which were awarded to ratepayers in 2021/22 due to the COVID-19 pandemic, primarily the extended Retail Discount and Nursery Relief, with compensating grant of £11.123m being received which will partially mitigate this.

Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the 2020/21 £24.899m Government grant funded Business Rate reliefs) mandated the smoothing of the impact of COVID related exceptional deficit over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/22 budget and future years budget estimates have been prepared using this new facility.

Greater Manchester 100% Business Rates Retention Pilot

On 1 April 2017, the GMCA, Bury 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 was 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. 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. This agreement has again been amended for 2021/22 so that 75% of the benefit is retained by the Greater Manchester Authorities and the balance of 25% is retained by GMCA. The Council retained £1.072m of the 2021/22 benefit of £1.429m, and 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 2020/21 budget reports.

Whilst the Council will continue to pilot the 100% retention of Business Rates in 2021/22, 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.

There have been delays to the expected reform of Local Government Funding, including the Business Rates Retention scheme (including the adoption of a national 75% rates retention scheme) however, it has been confirmed, that the Greater Manchester 100% Business Rates Retention pilot scheme would continue for a further year in 2022/23.

Borrowing and Investments

Our treasury management activity generated an investment rate of 0.10%. Our investments have been managed prudently. Our long-term debt outstanding is £207.903m as at 31 March 2022, and is £6.808m higher than at the end of the 2020/21 financial year when the level of borrowing was £201.095m. At the end of 2021/22 we were holding £34.773m in cash or cash equivalents.

Pensions

As at 31 March 2021, our pensions liability was £153.363m, a decrease of £248,809m 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.

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.

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

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 a reduction of £0.580m on the HRA balance bringing it to £9.842m as at 31 March 2022. On an accounting basis, the 2021/22 outturn position on the HRA is a surplus of £17.249m.

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 2022.

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.

BLANK PAGE FOR AUDIT REPORT

BLANK PAGE FOR AUDIT REPORT

BLANK PAGE FOR AUDIT REPORT

BLANK PAGE FOR AUDIT REPORT

BLANK PAGE FOR AUDIT REPORT

Financial Statements and Explanatory Notes

Comprehensive Income and Expenditure Statement

2020/21			Comprehensive Income and Expenditure Statement	Note	2021/22		
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**
107,261	(50,214)	57,047	One Commissioning Organisation		125,292	(47,931)	77,361
208,807	(169,429)	39,378	Children, Young People & Culture		204,111	(157,525)	46,586
32,337	(11,701)	20,636	Corporate Core Services		34,029	(15,186)	18,843
19,409	(32,583)	(13,174)	Non Service Specific		44,571	(44,098)	473
9,431	(6,906)	2,525	Business, Growth & Infrastructure		14,035	(7,456)	6,579
45,982	(20,551)	25,431	Operations		53,320	(17,140)	36,180
39,221	(35,916)	3,305	Housing General Fund		33,908	(33,961)	(54)
5,714	(31,176)	(25,462)	Housing Revenue Account		10,934	(31,784)	(20,851)
468,162	**(358,476)**	**109,686**	**Cost of Services**		**520,200**	**(355,081)**	**165,119**
52,005	(591)	51,414	Other Operating Expenditure	5	29,976	(4,189)	25,787
29,526	(20,133)	9,393	Financing & Investment Income & Expenditure	6	31,903	(21,224)	10,679
0	(176,511)	(176,511)	Taxation & Non-Specific Grant Income & Expenditure	7		(199,173)	(199,173)
549,693	**(555,711)**	**(6,018)**	**Surplus or Deficit On Provision of Services**		**582,079**	**(579,667)**	**2,412**
		(13,872)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment				(18,220)
		10,080	Impairment Losses on Non-Current assets charged to the Revaluation Reserve				0
		(1,890)	(Surplus)/Deficit from investments in Equity Instruments designated at fair value through Comprehensive Income				(500)
		95,446	Actuarial (gains)/losses on Pension assets & liabilities				(153,363)
		89,764	**Total Other Comprehensive Income & Expenditure**				**(172,083)**
		83,746	**Total Comprehensive Income & Expenditure**				**(169,671)**

Movement in Reserves Statement

Movement in Reserves Statement 2021/22	Usable Reserves								Unusable Reserves	Total Reserves
	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April Brought Forward	**(30,882)**	**(125,882)**	**(156,764)**	**(10,422)**	**(4,889)**	**(14)**	**(9,608)**	**(181,697)**	**53,763**	**(127,934)**
Movement in reserves during 2020/21										
Total Comprehensive Income and Expenditure	19,658	-	**19,658**	(17,246)	-	-	-	**2,412**	(172,083)	**(169,671)**
Adjustments between accounting basis and funding basis under regulations	2,145	-	**2,145**	17,826	(2,078)	14	(6,511)	**11,396**	(11,397)	**-**
Net (increase) / decrease before transfers to Earmarked Reserves	**21,803**	**0**	**21,803**	**580**	**(2,078)**	**14**	**(6,511)**	**13,808**	**(183,480)**	**(169,671)**
Transfers to/from Earmarked Reserves	(14,737)	14,737	**-**	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year	7,066	14,737	**21,803**	580	(2,078)	14	(6,511)	**13,808**	(183,480)	**(169,672)**
Balance at 31 March carried forward	**(23,816)**	**(111,145)**	**(134,961)**	**(9,842)**	**(6,967)**	**0**	**(16,119)**	**(167,889)**	**(129,717)**	**(297,606)**

The following table is provided for comparative purposes:

Movement in Reserves Statement 2020/21	**Usable Reserves**								**Unusable Reserves**	**Total Reserves**
	General Fund Balance	**Earmarked General Fund Reserves**	**Total General Fund Balance**	**Housing Revenue Account**	**Usable Capital Receipts**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**		
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April Brought Forward	**(6,990)**	**(52,626)**	**(59,616)**	**(8,393)**	**(6,974)**	**(46)**	**(9,982)**	**(85,011)**	**(126,669)**	**(211,680)**
Movement in reserves during 2020/21										
Total Comprehensive Income and Expenditure	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)**

Balance Sheet

31st March 2021 £000's	Balance Sheet Description	2021 Note	31st March 2022 £000's
548,374	Property, Plant & Equipment	9	600,620
26,353	Heritage Assets	10	26,353
16,708	Investment Property	11	17,009
3,271	Intangible Assets	12	3,544
37,700	Long Term Investments	13	38,200
44,142	Long Term Debtors	14	47,712
676,548	**LONG TERM ASSETS**		**733,438**
521	Short Term Investments	13	5,504
1,069	Stocks & Work in progress		1,393
62,997	Sundry Debtors & Advance Payments	14	60,068
11,044	Cash and Cash Equivalents	15	34,773
622	Assets Held For Sale	16	624
76,253	**CURRENT ASSETS**		**102,362**
(6,392)	Short Term Loans Outstanding	13	(14,344)
(145)	Deposit & Client Funds		(140)
(3,948)	Short Term Provisions	19	(1,328)
(43,466)	Sundry Creditors & Advance Receipts	17	(50,355)
(73)	Revenue Grants In Advance		(15,536)
(54,024)	**CURRENT LIABILITIES**		**(81,703)**
(201,095)	External Loans Outstanding	13	(207,903)
(4,272)	Capital Grants Receipts in Advance		(10,017)
(27)	Finance Lease Liabilities	13	(4)
(970)	Deferred Liabilities	13	(13)
(356,592)	Pension Liability	18	(231,406)
(7,887)	Long Term Provisions	19	(7,149)
(570,843)	**LONG TERM LIABILITIES**		**(456,492)**
127,934	**NET ASSETS**		**297,605**
181,697	Usable Reserves	20	167,888
(53,763)	Unusable Reserves	21	129,717
127,934	**TOTAL RESERVES**		**297,605**

Cash Flow Statement

Cash Flow Statement	**Note**	**2020/21 £000's**	**2021/22 £000's**
Net surplus or (deficit) on the provision of services		6,018	(2,411)
Adjustment to surplus or deficit on the provision of services for noncash movements		12,286	46,079
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(4,358)	(24,312)
Net Cash flows from Operating Activities	22	**13,946**	**19,356**
Net cash flows from Investing Activities	23	(11,514)	(10,107)
Net cash flows from Financing Activities	24	(12,578)	14,480
Net increase or (decrease) in cash and cash equivalents		**(10,146)**	**23,729**
Cash and cash equivalents at the beginning of the reporting period		21,190	11,044
Cash and cash equivalents at the end of the reporting period	**15**	**11,044**	**34,773**

Index for the Notes to the Core Financial Statements

Notes to the Core Financial Statements

1 Accounting Policies for the 2021/22 Statement of Accounts

General Principals

Basis of preparation

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

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

Events after the Balance Sheet Date

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

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

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

Group Accounts

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

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

Pooled Budgets

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Accounting policies for income and expenditure

Accruals of Income and Expenditure

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

Revenue 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 2021/22 (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.

2020/21				2021/22		
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**
56,234	813	57,047	One Commissioning Organisation	74,341	3,020	77,361
4,990	34,388	39,378	Children, Young People & Culture	31,692	14,894	46,586
18,828	1,808	20,636	Corporate Core Services	14,962	3,882	18,844
(56,090)	42,916	(13,174)	Non Service Specific	23,609	(23,136)	473
1,297	1,228	2,525	Business, Growth & Infrastructure	1,750	4,829	6,579
20,340	5,092	25,432	Operations	28,162	8,019	36,181
3,304	0	3,304	Housing General Fund	(54)	0	(54)
(6,633)	(18,829)	(25,462)	Housing Revenue Account	(3,558)	(17,293)	(20,851)
42,270	**67,416**	**109,686**	**Cost of Services**	**170,904**	**(5,785)**	**165,119**
(141,447)	25,743	(115,704)	Other Income and Expenditure	(148,505)	(14,202)	(162,707)
(99,177)	**93,159**	**(6,018)**	**Surplus or Deficit On Provision of Services**	**22,399**	**(19,987)**	**2,412**

Movement in General Fund and HRA Balance	2020/21 £000's	2021/22 £000's
Opening General Fund and HRA Balance	(200)	(50,149)
Surplus/Deficit on General Fund & HRA Balance in Year	(49,949)	7,644
Closing General Fund and HRA Balances at 31st March	**(50,149)**	**(42,505)**

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 2021/22	Adjustment for Capital Purposes £000's	Change For Pension Adjustment £000's	Other £000's	Total Adjustment £000's
One Commissioning Organisation	98	2,922	0	3,020
Children, Young People & Culture	6,490	9,101	(697)	14,894
Corporate Core Services	1,028	3,454	(600)	3,882
Non Service Specific	(4,921)	0	(18,215)	(23,136)
Business, Growth & Infrastructure	3,913	916	0	4,829
Operations	3,570	4,450	0	8,020
Housing General Fund	0	0	0	0
Housing Revenue Account	(17,293)	0	0	(17,293)
Net Cost of Services	**(7,115)**	**20,843**	**(19,512)**	**(5,784)**
Other Income & Expenditure From the Expenditure & Funding Analysis	(21,536)	7,334	0	(14,202)
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service	**(28,650)**	**28,177**	**(19,512)**	**(19,986)**

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 2020/21.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2020/21	**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	1076	784	(52)	1,808
Non Service Specific	(1,318)	0	44234	42,916.00
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	**16,186**	**10,682**	**66,291**	**93,159**

3 Expenditure and Income Analysed by Nature

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

Expenditure and Income Analysed by Nature	2020/21 £000's	2021/22 £000's
Expenditure		
Employee benefits expenses	172,831	181,638
Depreciation, amortisation and impairment	(3,868)	(7,115)
Interest Payment	7,937	7,842
Precepts and levies	24,855	26,219
Housing Capital Receipts Pool Payment	1,034	1,439
Net book value of assets written out on disposal	26,116	2,318
Other expenditure	320,788	408,844
Total Expenditure	**549,693**	**621,185**
Income		
Government grants and contributions	(244,983)	(268,212)
Income from local taxation	(154,460)	(155,624)
Capital receipts on disposed assets	(591)	(4,189)
Fees, charges and other service income	(61,348)	(70,402)
Interest and Investment income	(4,234)	(4,497)
Other income	(90,095)	(115,849)
Total Income	**(555,711)**	**(618,773)**
Deficit on the Provision of Services	**(6,018)**	**2,412**

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 2020/21					Movement in Unusable Reserves	Usable Reserves 2021/22					Movement in Unusable Reserves
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grant Unapplied £000's	£000's	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grant Unapplied £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	(28,141)	-	-	-	-	28,141	(45,423)	-	-	-	-	45,423
Employer's pension contributions and direct payments to pensioners payable in the year	17,459	-	-	-	-	(17,459)	17,246	-	-	-	-	(17,246)
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	(44,235)	-	-	-	-	44,235	18,213	-	-	-	-	(18,213)
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	(650)	-	-	-	-	650	1,362	-	-	-	-	(1,362)
Adjustments primarily involving the DSG Adjustment account												

Transfer of Dedicated Schools Grant (DSG) over/(underspend) to the DSG Adjustment Account	(21,407)	-	-	-	-	21,407	(66)	-	-	-	-	66
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	(15,643)	10,278	-	-	-	5,365	(9,021)	4,735	-	-	-	4,286
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	1,277	595	-	-	-	(1,872)
Revenue Expenditure Funded from Capital under Statute	(3,369)	-	-	-	-	3,369	(4,586)	-	-	-	-	4,586
Capital grant and contributions unapplied credited to CI&E	8,553	-	-	-	(489)	(8,064)	13,476	-	-	-	-	(13,476)
Adjustments primarily involving the Capital Receipts Reserve												
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	(554)	-	-	554	-	-	(4,135)	-	-	4,135
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,605	-	-	(1,605)	-	-	613	-	-	(613)
Payments to the Government Housing Receipts Pool	(1,034)	-	1,034	-	-	-	(1,445)	-	1,445	-	-	0
Adjustments primarily involving the Major Repairs Reserve												
Use of the Major Repairs reserve to finance capital expenditure	-	-	-	7,358	-	(7,358)				7,404		(7,404)
Transfer of Excess of Depreciation over Notional MRA to MRR	-	7,326	-	(7,326)	-	-		7,389		(7,389)		-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure statement												
Statutory provision for the repayment of debt	2,426	-	-	-	-	(2,426)	2,602	-	-	-	-	(2,602)
Capital expenditure financed from revenue balances	48	1,195	-	-	-	(1,243)	214	5,107	-	-	-	(5,321)
Adjustments primarily involving the Capital Grants unapplied Account												
Application of capital grants to finance capital expenditure	-	-	-	-	863	(863)	8,293	-	-	-	(6,510)	(1,783)
Total Adjustment	**(112,367)**	**19,208**	**2,085**	**32**	**374**	**90,668**	**2,144**	**17,826**	**(2,077)**	**15**	**(6,510)**	**(11,398)**

5 Other Operating Expenditure

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

Other Operating Expenditure	2020/21 £000's	2021/22 £000's
(Gain)/Loss on Disposal of Non Current (Fixed) Assets	25,525	(1,872)
Contribution of Housing Capital Receipts to Government Pool	1,034	1,440
Levies	24,855	26,219
Total	**51,414**	**25,787**

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	2020/21 £000's	2021/22 £000's
Interest Payable and similar charges	7,937	7,596
Interest receivable and similar income	(3,850)	(4,021)
Income and expenditure in relation to investment properties	(384)	(230)
Pension Interest Cost and Expected Return on Pension Asset	5,690	7,334
Total	**9,393**	**10,679**

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	2020/21 £000's	2021/22 £000's

Council Tax income	(89,668)	(95,807)
Retained Business Rates	(23,130)	(38,621)
Business Rates Top Up	(3,286)	(3,439)
Grants in lieu of Business Rates	(37,305)	(17,757)
Improved Better Care Fund	(7,404)	(7,404)
Housing & Council Tax Benefit Grants	(791)	(762)
New Homes Bonus	(458)	(253)
Independent Living Fund	(288)	(288)
Social Care Support Grant	(4,770)	(5,696)
Capital Grants and Contributions	(8,553)	(21,769)
Local Council Tax Support Grant 21/22	0	(2,081)
Lower Tier Services grant 21/22	0	(252)
Other Government Grants	(857)	(5,042)
Total	**(176,511)**	**(199,173)**

8 Material Items of Income and Expenditure

Individually Material Items of Income & Expenditure Item	2021/22 £000's
Total	**0**

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 no individual items above £5m which have not been individually disclosed.

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 Assets	Other Land & Buildings	Infrastructure Assets	Council Dwellings	Community Assets	Assets Under Construction
Depreciated Historical Cost	7,612	1,621	2,983	45,022		4,324	8,884
Valued at Current Value:							
31.03.2020	1,259	10,280	82,164			53	
31.03.2021		2,003	47,968				
31.03.2022		7,529	85,711		293,215		
	8,871	21,433	218,826	45,022	293,215	4,377	8,884

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**	**623,623**
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 2021/22	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 2021	**4,957**	**5,456**	**281,463**	**75,612**	**226,342**	**19,954**	**19,502**	**633,286**
Additions & Acquisitions	5,398	1,067	12,647	7,779	10,504	24	3,974	**41,393**
Revaluations Recognised in the Revaluation Reserve	-	-	15,821	-	2,410	2,251	-	**20,482**
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	(1,238)	(24)	-	**(1,262)**
Disposals	(1,201)	-	(1,938)	-	(373)	-	-	**(3,512)**
Reclassifications & Asset Transfers	-	-	-	-	(4)	-	-	**(4)**
Movement in Cost/Valuation	4,197	1,067	26,530	7,779	11,299	2,251	3,974	57,097
Amount as at 31st March 2022	**9,154**	**6,523**	**307,993**	**83,391**	**237,641**	**22,205**	**23,476**	**690,383**
Accumulated Depreciation & Impairments as at 1st April 2021	**(270)**	**(2,146)**	**(14,714)**	**(36,261)**	**(17,190)**	**(775)**	**(13,556)**	**(84,912)**
Depreciation charged in year	-	-	(7,436)	(2,108)	(4,239)	-	(1,049)	**(14,832)**
Depreciation written out to the Revaluation Reserve	-	-	7,309	-	2,615	-	-	**9,924**
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	-	-	-	-	-	**0**
Depreciation Written out on Disposal	-	-	47	-	6	-	-	**53**
Reclassifications & Asset Transfers	-	-	-	-	4	-	-	**4**
Impairments Written Out on Revaluation	-	-	-	-	-	-	-	**0**
Impairments Written Out on Sale of Asset	-	-	-	-	-	-	-	**0**
Impairments Written to Revaluation Reserve	-	-	-	-	-	-	-	**0**
Impairments Recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	**0**
Movement in Depreciation & Impairment	-	-	(80)	(2,108)	(1,614)	0	(1,049)	**(4,851)**
Amount as at 31st March 2022	**(270)**	**(2,146)**	**(14,794)**	**(38,369)**	**(18,804)**	**(775)**	**(14,605)**	**(89,763)**

Opening NBV	**4,687**	**3,310**	**266,749**	**39,351**	**209,152**	**19,179**	**5,946**	**548,374**
Total Movement	**4,197**	**1,067**	**26,450**	**5,671**	**9,685**	**2,251**	**2,925**	**52,246**
Closing NBV	**8,884**	**4,377**	**293,199**	**45,022**	**218,837**	**21,430**	**8,871**	**600,620**

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 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**
Cost or Valuation 1 April 2020	31	25,693	629	26,353
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	0	-	0
Additions	-	-	-	0
31 March 2022	**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	**2020/21 £000's**	**2021/22 £000's**
Rental income from investment property	(497)	(476)
Direct operating expenses arising from investment property	113	246
Net Gain	**(384)**	**(230)**

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	**2020/21 Investment Properties £000's**	**2021/22 Investment Properties £000's**
Certified Valuation or Cost at 1 April	**18,977**	**16,708**
Additions in Year	87	5
Disposals in Year	(57)	0
Reclassifications of Assets	(1,580)	0
Net Gain (Loss) from fair value adjustment	(739)	297
At 31 March	**16,708**	**17,010**

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 01/04/2021	3,745
Amortisation to 1 April 2021	(474)
Balance at 1 April 2021	**3,271**
Purchase in Year	951
Reclassifications in Year	
Amortisation in Year	(679)
Balance at 31 April 2022	**3,543**

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 2021 £000s	31st March 2022 £000s	31st March 2021 £000s	31st March 2022 £000s	31st March 2021 £000s	31st March 2022 £000s	31st March 2021 £000s	31st March 2022 £000s	31st March 2022 £000s
Amortised Cost									
Principal	-	-	44,142	47,712	500	5,500	-	-	53,212
Investment Accrued Interest	-	-	-	-	21	4	-	-	4
Cash & Cash Equivalents (CCE)	-	-	-	-	11,036	34,766	-	-	34,766
CCE Accrued Interest	-	-	-	-	8	7	-	-	7
Debtors	-	-	-	-	-	-	40,728	39,405	39,405
Amortised Cost Total	-	-	44,142	47,712	11,565	40,277	40,728	39,405	127,394
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-	-	-	-	-
Fair Value through other comprehensive income - other	37,700	38,200	-	-	-	-	-	-	38,200
Total Financial Assets	37,700	38,200	44,142	47,712	11,565	40,277	40,728	39,405	165,594
Non - Financial Assets	-	-	-	-	-	-	22,269	20,663	20,663
Total	**37,700**	**38,200**	**44,142**	**47,712**	**11,565**	**40,277**	**62,997**	**60,068**	**186,257**

Financial Liabilities

Financial Liabilities	Non-Current		Current				Total
	Borrowings		Borrowings		Creditors		
	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2021	31st March 2022	31st March 2022
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Amortised Cost							
Borrowings - PWLB	145,526	162,336	190	3,190	-	-	165,526
Borrowings - Market Debt	55,300	45,300	5,000	10,000	-	-	55,300
Borrowings - Temporary Loans	-	-	-	-	-	-	-
Loans Accrued Interest	-	-	1,202	1,154	-	-	1,154
Market Loans Effective Interest Rate Adjustment	269	267	-	-	-	-	267
PFI, Finance lease and transferred debt	997	17	-	-	-	-	17
Creditors	-	-	-	-	28,430	34,330	34,330
Total Financial Liabilities	202,092	207,920	6,392	14,344	28,430	34,330	256,594
Non - Financial Liabilities	-	-	-	-	15,036	16,025	16,025
Total	**202,092**	**207,920**	**6,392**	**14,344**	**43,466**	**50,355**	**272,619**

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 2022 as fair value through other comprehensive income:

Investments in equity instruments designated at fair value through other comprehensive income	Nominal	Fair Value	Change in fair value during 2021/22	Dividend 2021/22
	£000's	£000's	£000's	£000's
Manchester Airport Shares	10,214	33,400	1,400	-
Manchester Airport Car Park (1) Limited	5,610	4,800	(900)	-

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	2020/21			2021/22		
	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	-	1,890	1,890	-	500	500
Total net gains / (losses)	-	**1,890**	**1,890**	-	**500**	**500**
Interest income: Financial Assets measured at amortised cost	2,974	-	2,974	4,497	-	4,497
Other Financial Assets measured at fair value through other comprehensive income	-	-	-	-	-	-
Total interest income	**2,974**	-	**2,974**	**4,497**	-	**4,497**
Interest expense	**(7,810)**	-	**(7,810)**	**(7,665)**	-	**(7,665)**

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 31/03/2021 Fair Value £000's	As at 31/03/2022 Fair Value £000's
Fair Value through other Comprehensive Income				
Manchester Airport	Level 2	Earnings Based	37,700	38,200
Total			**37,700**	**38,200**

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 2021. These shares are subject to annual valuation. In 2021/22 this has seen an increase in value of £0.500m.

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 2021		31st March 2022	
	Carrying amount £000's	Fair value £000's	Carrying amount £000's	Fair value £000's
PWLB Loans	146,447	180,481	166,258	198,497
LOBO/Market Loans	61,037	84,254	55,986	77,274
Temporary Loans	-	-	-	-
Local Bonds	3	3	3	3
Short-term Creditors	28,430	28,430	34,330	34,330
Financial liabilities	**235,917**	**293,168**	**256,577**	**310,104**

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 2022) 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 2021		31st March 2022	
	Carrying amount £000's	Fair value £000's	Carrying amount £000's	Fair value £000's
Cash & Cash Equivalents	11,044	11,044	34,773	34,780
Short-term Investments	521	521	5,504	5,504
Short-term Debtors	40,728	40,728	39,405	39,405
Long-term Debtors	44,142	110,046	47,712	
Financial Assets	**96,435**	**162,339**	**127,394**	**79,689**

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 2022 **Recurring fair value measurements using:**	**Other significant observable inputs (Level 2)** **£000**
Financial liabilities	
Financial liabilities held at amortised cost:	
PWLB	162,333
Non- PWLB	45,570
Short term debt	14,344
PFI and finance lease liability	17
Total	**222,264**
Financial assets	
Financial assets held at amortised cost	40,277
Total	**40,277**

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**

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 2021/22 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 £40.277m deposited with a number of financial institutions as 31 March 2022. 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 2022 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 £38.2m 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 2022**	**Historical experience of default**	**Historical experience adjusted for market conditions as at 31 March 2022**	**Estimated maximum exposure to default and uncollectability**
	£000's	**%**	**%**	**£000s**
Deposits with banks and other financial institutions	40,277	0.00%	0.00%	-
Bonds and other securities	-	0.00%	0.00%	-
Sundry Debtors	39,405	0.53%	0.53%	209
Total	**79,682**			**209**

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 2022**
	£000's
Less than three months	7,680
Three to four months	4,157
Four months to one year	5,349
More than one year	6,843
Total	**24,029**

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 2021	31 March 2022
	£000's	£000's
Less than 1 year	74,560	100,364
Between 2 and 3 years	-	-
Between 1 and 2 years	-	-
More than 3 years	81,842	85,912
Total	**156,402**	**186,276**

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 2021 £000's	31 March 2022 £000's
Less than 1 year	6,391	14,154
1 - 2 years	13,000	5,000
2 - 5 years	7,300	2,850
5 - 10 years	5,550	51,000
More than 10 years	175,245	149,243
Total	**207,486**	**222,247**

Of the £38m of Lender Option Borrower Option (LOBO) loans, all loans mature in more than 10 years (the average maturity time being 48 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 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Interest Rate Risk 2021/22	£000's
Increase in interest payable on variable rate borrowings	330
Increase in interest receivable on variable rate investments	(297)
Impact on Surplus or Deficit on the Provision of Services	**33**
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)	38,371

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	2020/21 £000	2021/22 £000
Central Government Bodies	5,990	5,557
Other Local Authorities	1,505	3,689
NHS Bodies	6,457	7,615
Payments in Advance	2,779	2,396
Capital Debtors	695	130
Collection Fund	32,053	31,689
Bodies External to General Government	33,637	31,531
Gross Debtors Total	**83,116**	**82,607**
Less : Impairment allowance for bad and doubtful debts	(20,119)	(22,520)
Net Debtors	**62,997**	**60,088**

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

Analysis of Long Term Debtors	2020/21 £000's	2021/22 £000's
Loan Accounts	32,888	32,658
Bury MBC Townside Fields	7,257	7,237
Airport Loan Interest	3,985	7,807
Debt Managed for Probation Services	12	11
Total	**44,142**	**47,712**

15 Cash and Cash Equivalents

Cash and Cash Equivalents	2020/21 £000's	2021/22 £000's
Cash held by the Authority	71	59
School Bank Accounts	796	1,178
Bank Call Accounts	15,428	38,062
Bank Overdraft	(5,251)	(4,526)
Total	**11,044**	**34,773**

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	2020/21 £000's	2021/22 £000's
Balance at 1st April	**511**	**622**
Additions	-	
Disposals	-	-
Revaluations Recognised in the Revaluation Reserve	(2)	0
Revaluations Recognised in CIES	(12)	0
Reclassifications & Asset Transfers	125	2
Movements in Year	**111**	**2**
Balance as 31st March	**622**	**624**

17 Analysis of Creditors

The Council's creditors are as follows:

Analysis of Creditors	2020/21 £000's	2021/22 £000's
Central Government Bodies	(7,584)	(8,688)
Other Local Authorities	(3,912)	(3,242)
NHS Bodies	(105)	(1,135)
Income in Advance	(5,435)	(6,137)
Capital Creditors	(5,995)	(2,762)
Collection Fund	(7,019)	(5,146)
Bodies External to General Government	(13,416)	(23,244)
Total	**(43,466)**	**(50,354)**

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 2021/22, the Council paid £9.354m (£10.281m in 2020/21) to Capita Teachers Pensions in respect of teachers' retirement benefits, representing 23.68% (23.68% in 2020/21) 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 2021/22, the Council paid £0.09m (£0.09m in 2020/21) 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	2020/21 £000	2021/22 £000
Service Cost		
Current service cost	(25,086)	(37,407)
Past service cost (including curtailments)	2,635	(682)
Total service cost	**(22,451)**	**(38,089)**
Financing and Investment Income and Expenditure		
Interest income on scheme assets	15,899	16,727
Interest cost on defined benefit obligation	(21,589)	(24,061)
Total net interest	**(5,690)**	**(7,334)**
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**(28,141)**	**(45,423)**
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	141,684	64,954
Actuarial (losses)/gains arising from changes in financial assumptions	(239,290)	78,968
Actuarial (losses)/gains arising from changes in demographic assumptions	(6,417)	10,820
Other experience and actuarial adjustments	8,577	(1,379)
Total remeasurements recognised in other comprehensive income	**(95,446)**	**153,363**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(123,587)**	**107,940**
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	28,141	45,423
Employers' Contributions Payable to the Scheme	**(17,459)**	**(17,246)**

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	2020/21 £000	2021/22 £000
Fair value of plan assets	841,328	914,170
Present value of funded liabilities	(1,167,829)	(1,118,607)
Present value of unfunded liabilities	(30,091)	(26,969)
Net Liability Arising From Defined Benefit Obligation	**(356,592)**	**(231,406)**

Reconciliation of the Movements in Fair Value of Scheme Assets

Reconciliation of the Movement in Fair Value of Scheme Assets	2020/21	2021/22
	£000	£000
Opening fair value of scheme assets	691,732	841,328
Interest income	15,899	16,727
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	141,684	64,954
Contributions from the employer into the scheme	14,950	14,833
Contributions from employees into the scheme	4,601	4,575
Benefits paid	(27,538)	(28,247)
Closing Fair Value of Scheme Assets	**841,328**	**914,170**

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

Reconciliation of the Movements in Fair Value of Scheme Assets	2020/21	2021/22
	£000	£000
Opening fair value of scheme liabilities	942,196	1,197,920
Current service cost	25,086	37,407
Interest cost	21,589	24,061
Contributions from scheme participants	4,601	4,575
Remeasurement gain		
Actuarial (gains)/losses arising from changes in financial assumptions	239,290	(78,968)
Actuarial (gains)/losses arising from changes in demographic assumptions	6,417	(10,820)
Other experience and actuarial adjustments	(8,577)	1,379
Past service cost	(2,635)	682
Benefits paid	(30,047)	(30,660)
Closing Fair Value of Scheme Liabilities	**1,197,920**	**1,145,576**

Pension Scheme Assets

Asset Category	Period Ended 31 March 2021				Period Ended 31 March 2022			
	Quoted Prices in active markets £000	Quoted Prices not in active markets £000	TOTAL £000	Percentage of Total Assets	Quoted Prices in active markets £000	Quoted Prices not in active markets £000	TOTAL £000	Percentage of Total Assets
Equity Securities:								
Consumer	73,826	-	73,826	9%	71,134		71,134	8%
Manufacturing	65,750	-	65,750	8%	63,579		63,579	7%
Energy and Utilities	40,799	-	40,799	5%	43,293		43,293	5%
Financial Institutions	88,378	-	88,378	11%	95,582		95,582	10%
Health and Care	42,050	-	42,050	5%	48,768		48,768	5%
Information Technology	44,439	-	44,439	5%	48,853		48,853	5%
Other	13,593	-	13,593	2%	11,175		11,175	1%
Debt Securities				0%				
Corporate Bonds (investment grade)	40,666	-	40,666	5%	36,526		36,526	4%
Corporate Bonds (non-investment grade)	-	-	-	0%			0	0%
UK Government	-	-	-	0%	15,696		15,696	2%
Other	10,929	-	10,929	1%	27,109		27,109	3%
Private Equity				0%				
All	-	50,075	50,075	6%		64,585	64,585	7%
Real Estate				0%				
UK Property	-	31,436	31,436	4%		35,416	35,416	4%
Overseas Property	-	-	-	0%				0%
Investment Funds and Unit Trusts				0%				
Equities	75,594	-	75,594	9%	60,523		60,523	7%
Bonds	106,621	-	106,621	13%	94,332		94,332	10%
Infrastructure	-	42,889	42,889	5%		53,034	53,034	6%
Other	18,236	80,002	98,238	12%	18,469	103,722	122,191	14%
Derivatives				0%				
Other	(676)	-	(676)	0%	(6,215)		(6,215)	-1%
Cash and Cash Equivalents				0%				
All	16,721	-	16,721	2%	28,589		28,589	3%
Totals	**636,926**	**204,402**	**841,328**	**100%**	**657,413**	**256,757**	**914,170**	**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	2020/21	2021/22
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- men	20.5	20.3
- women	23.3	23.2
Longevity at 65 for future pensioners:		
- men	21.9	21.6
- women	25.3	25.1
Rate of inflation	2.85%	3.20%
Rate of increase in salaries	3.60%	3.95%
Rate of increase in pensions	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.70%

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 31st March 2022	Approximate % Increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in real discount rate	10%	107,430
0.5% increase in the salary increase rate	1%	9,700
0.5% increase in the pension increase rate	10%	96,900

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 £14.617m 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 2022.

The Council has agreed to meet all contributions to retirement benefit schemes that are the responsibility of Six Town Housing in respect of both transferred and new staff by way of periodic management fee payments to them. The Council has also accepted responsibility for any liabilities of Six Town Housing in respect of transferred employees' early retirement which may arise subsequent to the Transfer Date. It will (in relation to those transferred Employees who are members of the Local Government Pension Scheme) upon demand make such payments to the Administering Authority as are necessary to ensure the accrued benefits of the Transferred Employees, whilst in the service of the Council, are fully funded.

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 2021	**(3,141)**	**(807)**	**(3,948)**
Additional provisions made in 2021/22	-	0	**0**
Amounts used in 2021/22	-	-	-
Amounts transferred to/from short term provisions	1,936	684	**2,620**
Balance at 31 March 2022	**(1,205)**	**(123)**	**(1,328)**

Long term Provisions	Insurance Provision £000's	Business Rates Provision £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2021	**(5,160)**	**(785)**	**(1,942)**	**(7,887)**
Additional provisions made in 2021/22	(1,559)	(40)	(0)	**(1,599)**
Amounts used in 2021/22	1,183	2,481	608	**4,272**
Amounts transferred to/from short term provisions	0	(1,935)	0	**(1,935)**
Balance at 31 March 2022	**(5,536)**	**(278)**	**(1,335)**	**(7,149)**

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	2020/21 £000's	2021/22 £000's
Earmarked & Schools Balances	108,237	93,558
Capital Receipts Unapplied	4,889	6,967
Capital Grants Unapplied	9,608	16,119
General Fund	30,881	23,816
Housing Revenue Account	10,422	9,842
Dedicated Schools Grant	8,846	8,846
Section 106 Commuted Sums	4,286	4,228
Manchester Airport Share Reserve	4,513	4,513
Other Minor Reserves	15	0
Balance at 31 March	**181,697**	**167,889**

20.2 General Fund Balance

General Fund Balance	General Fund £000's
Balance at 31 March 2021	**30,881**
Surplus/(Deficit) for the Year	667
Planned Contribution to General Fund	(7,732)
Balance at 31 March 2022	**23,816**

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 2021/22. The following table and note explains the amount and purpose of the earmarked reserves held by the Council

Earmarked Reserves	Balance at 31 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 31 March 2021 £000's	Transfers in 2021/22 £000's	Transfers out 2021/22 £000's	Balance at 31st March 2022 £000's
Management of Financial Risk - Corporate									
- Community Safety	**49**	-	**49**	-	-	**49**	-	-	**49**
- Climate Change	**150**	-	**150**	-	-	**150**	-	(150)	**0**
- Culture	**40**	-	**40**	44	-	**84**	-	(57)	**27**
- Corporate	**1,921**	-	**1,921**	103	-	**2,024**	-	(167)	**1,857**
- Adults Social Care Transformation	**1,247**	-	**1,247**	-	-	**1,247**	3,222	0	**4,469**
- Childrens Social Care Transformation	**94**	-	**94**	245	-	**339**	77	-	**416**
- Homelessness	**987**	-	**987**	50	-	**1,037**	-	(50)	**987**
- Housing	**123**	-	**123**	-	-	**123**	-	-	**123**
- Skills	**2,086**	-	**2,086**	618	-	**2,704**	-	(458)	**2,246**
- ICT	**893**	-	**893**	108	(51)	**950**	251	-	**1,201**
- Council Transformation	**206**	-	**206**	5,800	(700)	**5,306**	2,488	0	**7,794**
COVID-19 Related Grants	-	-	**0**	10,523	-	**10,523**	0	(5,832)	**4,691**
Management of Financial Risk - Directorate	**993**	-	**993**	2,720	(201)	**3,512**	5,745	0	**9,257**
Volatility and Fiscal Mitigation	**29,674**	-	**29,674**	7,422	-	**37,096**	579	0	**37,675**
Earmarked External Funding	**17,522**	-	**17,522**	36,305	(14,040)	**39,787**	0	(20,360)	**19,427**
Investment Funds	**3,270**	-	**3,270**	36	-	**3,306**	33	-	**3,339**
Sub-Total	**59,255**	**-**	**59,255**	**63,974**	**(14,992)**	**108,237**	**12,395**	**(27,074)**	**93,558**
Section 106 Commuted Sums	**4,040**	-	**4,040**	425	(179)	**4,286**	0	(58)	**4,228**
Manchester Airport Share Reserve	**4,513**	-	**4,513**	-	-	**4,513**	-	-	**4,513**
Schools Reserve	**(15,182)**	**20,067**	**4,885**	8,845	(4,884)	**8,846**		-	**8,846**
Total Earmarked Reserves	**52,626**	**20,067**	**72,693**	**73,244**	**(20,055)**	**125,882**	**12,395**	**(27,132)**	**111,145**

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	2020/21	2021/22
	£000's	£000's
Financial Instruments Adjustment Reserve	(271)	(268)
Financial Instruments Revaluation Reserve	21,876	22,376
Collection fund Adjustment Account	(28,275)	(10,061)
Accumulated Absences	(4,781)	(3,419)
Pension Reserve	(356,592)	(231,406)
DSG Adjustment Account	(21,407)	(21,473)
Capital Adjustment Account	219,148	240,524
Deferred Capital Receipts	(1)	(1)
Revaluation Reserve	116,540	133,445
Balance at 31st March	**(53,763)**	**129,717**

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	**2020/21 £000's**	**2021/22 £000's**
Balance at 1 April	**124,128**	**116,540**
Upward revaluation of assets	8,635	30,621
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(4,843)	(12,401)
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	**3,792**	**18,220**
Difference between fair value depreciation and historical cost depreciation	(1,213)	(1,135)
Accumulated gains on assets sold or scrapped	(10,167)	(180)
Amount written off to the capital adjustment account	**(11,380)**	**(1,315)**
Balance at 31 March	**116,540**	**133,445**

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	2020/21 £000's	2021/22 £000's
Balance at 1 April	**221,462**	**219,148**
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	(14,018)	(14,803)
Revaluation losses on Property, Plant and Equipment	10,343	11,196
Amortisation of intangible assets	(474)	(679)
Revenue expenditure funded from capital under statute	(3,369)	(4,586)
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	(26,521)	(2,263)
Adjusting amounts written out of the Revaluation Reserve	10,166	1,315
Repayment of Long Term Debtors	(1)	0
Net written out amount of the cost of non-current assets consumed in the year	**(23,874)**	**(9,821)**
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	1,605	613
Use of the Major Repairs Reserve to finance new capital expenditure	7,358	7,404
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	8,066	13,476
Application of grants to capital financing from the Capital Grants Unapplied Account	862	1,782
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	2,426	2,602
Capital expenditure charged against the General Fund and HRA balances	1,243	5,321
Reclassification of Manchester Airport Reserve item to Unusable Reserve	0	0
Balance at 31 March	**219,148**	**240,525**

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	**2020/21 £000**	**2021/22 £000**
Balance at 1 April	(272)	(271)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	1	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	(271)	(269)

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	**2020/21 £000's**	**2021/22 £000's**
Balance at 1st April	19,986	21,876
Transfer from Available for Sale Financial Investment Account	-	-
Revaluation of Shareholding in Manchester Airport	1,890	500
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	**21,876**	**22,376**

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.

Accumulative Absences	2020/21	2021/22
	£000	£000
Balance at 1 April	(4,131)	(4,781)
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	(650)	1,362
Balance at 31 March	**(4,781)**	**(3,419)**

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 2021/22 has been offset by compensatory grants of £11.778m. These amounts are held within reserves to be utilised in 2022/23 when the deficit amount is required in statute to be repaid into the Collection Fund.

Collection Fund Adjustment Account	2020/21 £000's	2021/22 £000's
Opening Balance	(15,960)	28,362
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	44,323	(18,301)
Total	**28,362**	**10,061**

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	**2020/21**	**2021/22**
	£000's	**£000's**
Balance at 1 April	-250,464	-356,592
Remeasurement of net defined liability	-95,446	153,363
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	-28,141	-45,423
Employer's Pension Contributions and direct payments to pensioners payable in the year	17,459	17,246
Balance at 31 March	**-356,592**	**-231,406**

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 of separating 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 (Schools and Central Spend)	2020/21 £000's	2021/22 £000's
	£000's	£000's
Balance at 1 April	-	(21,407)
DSG Opening balance	(20,067)	
Restated Opening Balance	(20,067)	0
In year DSG (over)/under spend	(1,340)	(66)
Balance at 31 March	**(21,407)**	**(21,473)**

22 Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

Operating Activities	31 March 2021 £000's	31 March 2022 £000's
Interest received	4,256	4,365
Interest paid	(7,939)	(7,645)
Dividends received	-	

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

Non-Cash Movements	31/03/2021 £000's	31/03/2022 £000's
Depreciation	14,018	14,803
Impairment and downward valuations	(4,452)	(11,196)
Amortisation	474	679
Movement in contract assets, liabilities and costs (IFRS 15)	-	0
Deferred revenue/ deferred payment agreements (IFRS 15)	-	0
Increase/(decrease) in impairment for bad debts	-	0
Increase/(decrease) in creditors	(9,398)	16,626
(Increase)/decrease in debtors	(18,604)	(1,686)
(Increase)/decrease in inventories	200	(323)
Movement in pension liability	5,690	28,177
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	26,521	2,357
Other non-cash items charged to the net surplus or deficit on the provision of services	(2,163)	(3,358)
	12,286	**46,079**

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	31/03/2021 £000's	31/03/2022 £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	500
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(555)	(1,872)
Any other items for which the cash effects are investing or financing cash flows	(8,553)	(22,940)
	(4,358)	**(24,312)**

23 Cash Flow Statement – Investing Activities

Cash Flow Statement - Investing Activities	31/03/2021 £000's	31/03/2022 £000's
Purchase of property, plant and equipment, investment property and intangible assets	(20,622)	(36,665)
Purchase of short-term and long-term investments	(3,740)	(5,500)
Other payments for investing activities	-	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,207	4,135
Proceeds from short-term and long-term investments	-	0
Other receipts from investing activities	10,641	27,923
Net cash flows from investing activities	**(11,514)**	**(10,107)**

24 Cash Flow Statement – Financing Activities

Cash Flow Statement - Financing Activities	31/03/2021 £000's	31/03/2022 £000's
Cash receipts of short- and long-term borrowing	12,300	20,000
Other receipts from financing activities	-	-
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(22)	(23)
Repayments of short- and long-term borrowing	(23,133)	(5,190)
Other payments for financing activities	(1,723)	(307)
Net cash flows from financing activities	**(12,578)**	**14,480**

Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April 2021	**Financing cash flows**	**Non cash changes**	**Balance at 31 March 2022**
	£000's	**£000's**	**£000's**	**£000's**
Long Term borrowings	201,095	7,000	(192)	207,903
Short Term borrowings	6,392	8,000	(48)	14,344
Lease liabilities	27	(23)	0	4
Transferred debt	970	(957)	0	13
Amounts included as part of (debtor)/creditor balances:				
Amounts owed to/from Collection Fund preceptors	7,019	(307)	0	6,712
Total Liabilities from financing activities	**215,503**	**13,713**	**(240)**	**228,976**

	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	(1,723)	-	7,019
Total Liabilities from financing activities	**228,083**	**(12,578)**	**(2)**	**215,503**

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	2020/21 £000's	2021/22 £000's
Opening Capital Financing Requirement	**259,305**	**278,487**
Capital Investment		
Property Plant and Equipment	22,484	41,395
Investment Assets	87	5
Heritage Assets	-	
Revenue Expenditure Funded from Capital Under Statute	3,369	3,385
Long Term Investment	3,740	0
Intangible Assets	1,290	951
Long Term Debtors	9,677	
Assets Held for Sale	-	
Source of Finance		
Capital Receipts	(1,605)	(613)
Government Grants And Other Contributions	(16,191)	(15,258)
Sums Set aside from Revenue	(3,669)	(12,631)
Closing Capital Financing Requirement	**278,487**	**295,721**
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	21,607	19,836
Assets Acquired Under Finance Leases	-	
Minimum Revenue Provision and other repayments in the year	(2,426)	(2,602)
Increase in Capital Financing Requirement	**19,181**	**17,234**

Capital commitments as at 31st March 2022 total £7.683m and include:

Scheme	£m
ICT Projects	0.333
Street Lighting	0.211
Estate Management – Corporate Landlord	0.010
Vehicle Replacement Strategy	1.825
Regeneration	0.367
Housing	4.937
Total	**7.683**

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 2022.

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 2022.

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 2022 is £2.175m 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 £1.644m (£2.175m les £0.531m levy) in respect of claims previously settled. There are 2 outstanding claims with MMI totalling £0.031m.

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 2020. 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 2021/22 is as follows:

DISCLOSURE OF DEPLOYMENT OF DEDICATED SCHOOLS GRANT 2021/22			
	Central Expenditure £000	**Individual Schools Budget £000**	**Total £000**
A. Final DSG for 2021/22 before academy and high needs recoupment			190,358
B. Academy and high needs figure recouped for 2021/22			65,459
C. Total DSG after academy and high needs recoupment for 2021/22			124,899
D. Plus: Brought forward from 2020/21			-21,407
E. Less: Carry-forward to 2021/22 agreed in advance			21,407
F. Agreed initial budgeted distribution in 2021/22	42,570	82,329	82,085
G. In year adjustments	4,314	0	4,314
H. Final budget distribution for 2021/22	46,884	82,329	86,399
I. Less: Actual central expenditure	46,959	N/A	46,959
J. Less: Actual ISB deployed to schools		82,320	82,320
Plus: Local authority contribution for 2021/22	0	0	0
In year carry-forward to 2022/23	-75	9	-42,880
Plus: Carry-forward to 2022/23 agreed in advance			21,407
K. Carry-forward to 2022/23			-21,473

A: Final DSG figure before any amount has been recouped from the Council.

B: Figure recouped from the Council in 2021/22 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 2021/22.

D: Figure brought forward from 2020/21 agreed with the DfE

E: Any amount which the Council decided after consultation with the Schools Forum to carry forward to 2021/22.

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 2021/22.

J: Amount of ISB actually distributed to schools.

K: Carry forward to 2022/23.

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	2020/21 £000's	2021/22 £000's
Fees payable with regard to external audit services carried out by the appointed auditor for the year	109	124
Additional fee agreed for 20/21 after publication of accounts per PSAA	45	0
Total	**154**	**124**

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	2020/21 £000's	2021/22 £000's
Dedicated Schools Grant (DSG)	(134,042)	(129,716)
Pupil Premium Grant	(5,899)	(5,467)
Housing Benefit Subsidy - Rent Allowances	(22,907)	(21,259)
Housing Benefit Subsidy - Rent Rebates	(12,800)	(12,408)
Discretionary Housing payments	(209)	(270)
COVID 19 grants	(36,446)	(48,194)
Asylum Seekers (UASC)	(825)	(367)
Other Government Grants	(9,847)	(7,359)
Total	**(222,975)**	**(224,673)**

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	2020/21 £000's	2021/22 £000's
Not later than one year	3,175	3,177
Later than one year and not later than five years	9,403	8,471
Later than five years	131,651	131,106
Total	**144,229**	**142,754**

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 £000's	Vehicles, Plant and Equipment £000's
Not later than one year	1,387	49
Later than one year and not later than five years	5,124	0
Later than five years	12,828	0
Total	**19,339**	**49**

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	31 March 2021 £000's	31 March 2022 £000's
Vehicles, Plant, Furniture and Equipment	44	22
Total	**44**	**22**

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	**31 March 2021 £000's**	**31 March 2022 £000's**
Finance Lease Liabilities (net present value of minimum lease payments)	27	4
Minimum Lease Payments	**27**	**4**

Finance Lease Liability	**Minimum Lease Payments**		**Finance Lease Liabilities**	
	31 March 2021 £000's	**31 March 2022 £000's**	**31 March 2021 £000's**	**31 March 2022 £000's**
Not later than 1 year	23	4	23	4
Later than 1 year not later than 5 years	4	-	4	-
Later than 5 years	-	-	-	-
Total	**27**	**4**	**27**	**4**

32 Members' Allowances

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

Members' Allowances & Expenses	**2020/21 £000's**	**2021/22 £000's**
Allowances	667*	678
Expenses	1	3
TOTAL	**668**	**681**

*Prior Period Adjustment 15

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 2021/22 was £100,000 (pro rata) or more per year, the previous years are also included as a comparator.

	2020/21					2021/22					
	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	Note
G Little, Chief Executive & Accountable Officer NHS Bury CCG	187			38	225	190			39	229	A
L Ridsdale - Deputy Chief Executive (Corporate Core)	143.5			29.2	172.7	152			31	183	
Executive Director: Children & Young People	67.6			13.9	81.5						B
Executive Director: Children & Young People	66.5			12.5	79	104			15	119	C
Executive Director: Children & Young People	0			0	0	31			6	37	D
D Ball - Executive Director of Operations	127.9			26.2	154.1	132			27	160	
Executive Director: Strategic Commissioning	29.4			3.3	32.7	126			18	144	E
Executive Director: Places (Interim)	15.5			0	15.5	109			22	131	F
Executive Director: Places						41			6	48	G
Director Community Commissioning	107.8			22	129.8	97			20	117	H
Director of Public Health	105.3			15	120.3	107			15	122	
Director of People & Inclusion	0			0	0	70			14	84	I
Director of Economic Regeneration & Capital Growth	104.5			21.4	125.9	174			36	209	J
Director of Housing Growth & Development (Interim)	0			0	0					0	
Director of Education & Skills	0			0	0	93			19	112	K
Joint Chief Information Officer	94.1			19.2	113.3	100			21	121	
Director of Law & Democratic Services	0			0	0	93			19	112	L
Assistant Director: Legal & Democratic Services (Monitoring Officer and DPO)	93.6			15.4	109	0				0	M
Strategic Advisor - Legal & Democratic Services	135.1			0	135.1					0	N
J Kramer - Interim Assistant Director Education and Learning	223.7			0	223.7					0	O
L Kitto – Deputy Chief Finance Officer (Interim) / Director of Financial Transformation (Interim)	302			0	302	0			0	0	P

Senior Officers served for the whole of 2020/210 and 2021/22 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 but 50% was recharged in 2021/22.
B:	The Executive Director for Children & Young People left the Council on 4 October 2020.
C:	The Executive Director for Children & Young People was appointed on 30 September 2020. The appointee was in post until 31 October 21.
D:	The Executive Director for Children & Young People was appointed on 4 January 2022.
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 and 2021-22.
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 Executive Director Places was appointed on 25 November 2021.
H:	The Director of Community Commissioning acted up into the Executive Director for Strategic Commissioning prior to the appointment of the new director in 2020/21 financial year.
I:	The Director of People & Inclusion was appointed on 24 May 2021.
J:	The Director of Economic Regeneration & Capital Growth was in post until 24 November when he was recruited to the Executive Director Places. This role remained vacant to the end of the 2021/22 year.
K:	The Director of Education & Skills acted up into the Executive Director for Children & Young People prior to the appointment of the new director in 2021/22 financial year. (7 September 2021 to 3 January 2022.)
L:	The Monitoring officer role in 2021/22 sits with the Director of Law & Democratic Services.
M:	The Assistant Director for Legal & Democratic Services (Monitoring Officer) left the Council in 2020, the post was covered on an interim basis internally pending the permanent recruitment in April 2021. The permanent recruitment began on 1 April 2021.
N:	The Strategic Advisor for Legal & Democratic Services was contracted through an agency.
O:	The Interim Assistant Director of Education & Learning was paid via an agency.
P:	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.
Q:	The Joint Chief Finance Officer is the appointed Section 151 Officer for the Council, the post is remunerated through Bury NHS CCG. The annual salary falls within a range of £115,000 and £119,999. The postholder in 2020/21 left the post of Joint Chief Finance Officer of the Council and CCG on 31 January 2021. The new incumbent began with the Council and CCG on 1 May 22. A 50% recharge was accrued for, payable to NHS Bury CCG during 2021/22.

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	2020/21 Teaching Staff	2021/22 Teaching Staff	2020/21 Non-Teaching Staff	2021/22 Non-Teaching Staff
£50,000 - £55,000	48	48	28	29
£55,001 - £60,000	32	25	10	18
£60,001 - £65,000	25	28	11	14
£65,001 - £70,000	21	16	4	6
£70,001 - £75,000	8	11	1	5
£75,001 - £80,000	9	9	2	3
£80,001 - £85,000	1	3	1	1
£85,001 - £90,000	1	2	3	2
£90,001 - £95,000	4	3	4	4
£95,001 - £100,000	-	1	-	2
£100,001 - £105,000	-	-	1	2
£105,001 - £110,000	1	-	2	2
£110,001 - £115,000	-	1	-	1
£115,001 - £120,000	-	-	-	-
£120,001 - £125,000	-	-	-	-
£125,001 - £130,000	-	-	1	1
£130,001 - £135,000	-	-	-	1
£135,001 - £140,000	-	-	1	-
£140,001 - £175000	-	-	-	-
£175,001 - £180,000	-	-	-	-
£180,001 - £185,000	-	-	-	1
£185,001 - £190,000	-	-	1	-
£190,001 - £195,000			-	-
£195,001 - £200,000	-	-	-	1

TOTAL	**150**	**147**	**70**	**93**

33.3 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)	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	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	5	2	3	27	8	29	85	186
£20,001 - £40,000	-	-	6	7	6	7	165	187
£40,001 - £60,000	-	-	-	-	-	0	-	-
£60,001 - £80,000	-	-	1	-	1	0	70	-
£80,001 - £100,000	-	-	-	-	-	0	-	-
Total	**5**	**2**	**10**	**34**	**15**	**36**	**320**	**373**

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 2021/22 Bury Council made an additional contribution to the ICF pooled budget of £2.5m (See table 1). It was previously agreed that the Council would make an additional contribution of £4.5m during 2021/22. However the SCB agreed to a rephasing of this contribution so that an additional contribution of £2.5m is made by the Council in 2021/22 with the remaining additional contribution of £2m made in 2022/23. This phasing of additional contributions complies with the Section 75 agreement to ensure contributions are balanced over the 4 year term of the arrangement. The impact of the contribution variations across years and by partner is shown in the Table 2 below.

Table 1

Integrated Commissioning Fund incorporating the Better Care Fund and Improved Better Care Fund	**2020/21**	**2021/22**
	£'000s	**£'000s**
Integrated Commissioning Fund Contribution		
Bury Council (Note 1)	(88,047)	(105,673)
Bury CCG	(244,248)	(239,066)*
Sub Total	**(332,295)**	**(344,739)**
Integrated Commissioning Fund Costs		
Bury Council	103,804	101,609
Bury CCG	228,911	241,737
Sub Total	**332,715**	**343,346**
Net (Surplus)/deficit arising on the pooled budget during the year	420	(1,393)

* As noted 2021/22 Bury Council made an additional contribution to the ICF pooled budget of £2.5m, see below:

Table 2

Organisation	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Council	11,000	(15,000)	2,500	2,000	0
CCG	(11,000)	15,000	(2,500)	(2,000)	0
Total	0	0	0	0	0

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	2020/21 £000's	2021/22 £000's
GM Waste Disposal Authority	11,840	12,745
GM Passenger Transport Authority	12,911	12,963
Environment Agency	104	103
Total	**24,855**	**25,811**

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	2020/21				2021/22			
	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.,	(11,750)	13,059	5,929	(5,613)	(3,795)	13,059	13,481	(3,596)
Persona Group Ltd., Persona Care and Support Ltd.,	(669)	12,075	1,578	(62)	(778)	11,068	1,444	(92)
Bury MBC Townside Fields Ltd.,	(344)	-	-	(165)	(313)			(1,039)
Total	**(12,763)**	**25,133**	**7,507**	**(5,840)**	**(4,886)**	**24,127**	**14,925**	**(4,727)**

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 2021/2022 Six Town Housing made a profit of £1.654 compared to a profit of £0.036m in 2020/2021. Bury Council paid management fees of £13.059m in 2021/2022 (£13.059m in 2020/2021) 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 profit before tax of £0.529 for the year ended 31st March 2022, compared to a deficit before tax of £0.044m for the period to 31st March 2021. Bury Council paid management fees of £11.371m in 2021/22 (£12.075m in 2020/2021).

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 £0.574m for the year ended 31st March 2022 compared to a profit after tax of £0.038m for the year ended 31 March 2021. As at 31st March 2022, Bury Council has £7.8m 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 2022. 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 are adjusted in all material respects to reflect the impact of this information.

There are no adjusting events after the Balance Sheet date, in relation to the 2021-22 Statement of Accounts.

Three non-adjusting event are disclosed for the 2021-22 Statement of Accounts: in March 2022 the Council signed a Joint Venture with an external entity for the purchase and development of the Millgate Estate including the Shopping Centre. The funds to purchase the Estate are being provided by the Council. To finance this a PWLB loan has been drawn down. This was drawn down 28th March 2022 and was held as cash at the year end. Subsequently in the 2022-23 financial year, the funds were used to purchase the Estate.

As at 31 March 2022, the Council had an outstanding short-term loan for £0.5m to Six Town Housing. Subsequently, following review by Bury Council's Architect's Team, this loan has been offset against Council creditors with Six Town Housing. There is no net impact on the assets and liabilities shown as at 31 March 2022 and the decision to offset these amounts was only made during the 2022/23 financial year.

Springside Primary School converted to an academy as at 1 June 2022. The net book value of Springfield Primary school will be removed from the Council's asset register for the 2022-23 financial year, in accordance with its accounting policies. The net book value as at 31 March 2022 was £2.2m. As an academy, operational direction falls outside the responsibility of the Council.

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**	**2020/21**	**2021/22**
		£000's	**£000's**
Income			
Dwelling Rents (gross)		(29,895)	(30,394)
Non-Dwelling Rents		(170)	(192)
Charges for Services and Facilities		(971)	(1,019)
Contributions towards expenditure		(139)	(250)
Total Income		**(31,175)**	**(31,855)**
Expenditure			
Repairs and Maintenance		6,876	6,886
Supervision and Management		8,812	8,110
Rents, Rates, taxes & other charges		28	22
Depreciation and Impairment of Property, Plant & Equipment	5,6	(10,287)	(4,735)
Revaluation (gains) / losses on non-current assets		(9)	0
Debt management costs		40	41
Increased Provision for Bad & Doubtful Debts	8	236	288
Total Expenditure		**5,714**	**10,612**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		**(25,461)**	**(21,243)**
HRA services share of Corporate and Democratic Core		0	400
Net Cost of HRA Services		**(25,461)**	**(20,843)**
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		(410)	(595)
Interest payable and other similar charges		4,649	4,209
Interest and investment income		(16)	(20)
(Surplus) or Deficit for the year on HRA Services		**(21,238)**	**(17,249)**

Statement of Movement on the Housing Revenue Account

Movement on the HRA Statement	2020/21 £000's	2021/22 £000's
Opening Balance	(8,393)	(10,422)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	(21,237)	(17,246)
Adjustments between accounting basis and funding basis under statute	19,208	17,826
Increase before transfers to/from reserves	**(10,422)**	**(9,842)**
Transfers to/(from) Earmarked Reserves	0	0
Increase in year on the HRA	**(10,422)**	**(9,842)**
Closing Balance	**(10,422)**	**(9,842)**

Note to the Movement on the HRA Statement	2020/21 £000's	2021/22 £000's
Analysis of adjustments between accounting basis and funding basis under statute		
Depreciation, impairment and revaluation losses of non-current assets	15,470	15,471
Minimum Revenue Provision	0	0
Gain or loss on sale of HRA fixed assets	410	595
Capital Expenditure funded by the HRA	1,195	5,107
Transfer to Major Repairs Reserve	7,326	7,389
Net Adjustment	**24,401**	**28,832**

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	2020/21	2021/22
Flats & maisonettes	3,329	3,333
Bungalows	803	768
Houses	3,733	3,770
Total	**7,865**	**7,871**

46 Council house's were sold during the financial year.

The total capital receipts realised from the disposal of Council houses during the year was £2.545m. This figure represents an increase of over 66% compared to the 2020/21 figure of £1.528m. 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	2020/21 £000's	2021/22 £000's
Dwellings	191,673	227,243
Land	56,119	62,911
Shops, Offices and Garage Colonies	3,321	3,106
Total	**251,113**	**293,260**

2. Vacant Possession

i) The Vacant Possession Value (VPV) of dwellings within the Council's HRA as at 1st April 2022 was £716.4m representing an increase of approximately 11.9% over the 1st April 2020 figure of £640.5m. 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 2022 of £286.6m.

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)	2020/21 £000's	2020/21 £000's
Balance as at 1st April	**46**	**14**
Transferred to MRR during the year	7,326	7,389
Credit in respect of General Fund depreciation	0	0
Transferred from MRR to HRA during the year	0	0
Debits in respect of capital expenditure within HRA	(7,358)	(7,404)
Balance as at 31st March	**14**	**(1)**

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	2020/21 £000's	2021/22 £000's
Total capital expenditure within the HRA	**8,553**	**12,511**
Financed by:		
External contributions	0	0
Revenue contributions	1,195	5,107
Capital receipts	0	0
Major Repairs Reserve	7,358	7,404
Total	**8,001**	**12,511**

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	2020/21 £000's	2021/22 £000's
Council Dwellings	7,806	0
Shops, Offices and Garage Colonies	0	0
Total	**7,806**	**0**

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 2021 totalled £2,050.113, and at 31 March 2022 totalled £1,921,174. Of the arrears 70.25% at 31 March 2022 related to current tenants (60.12% at 31st March 2021) and 29.75% related to former tenants (39.88% at 31st March 2021). The figures stated represent gross arrears and are not shown net of advances as in previous years.

Impairment Allowance

Impairment Allowance	2020/21 £000's	2021/22 £000's
Opening Bad Debt Provision	**1,822**	**1,882**
Charged to HRA	236	288.241
Written off	(176)	(396)
Re-instated previously written off amount	-	-
Net increase / (decrease)	**60**	**(108)**
Closing Impairment Allowance	**1,882**	**1,774**

The Collection Fund

Collection Fund Statement:

Income and Expenditure Account	Note	2020/21 Total £000's	2021/22 Council Tax £000's	2021/22 NNDR £000'S	2021/22 Total £000's
Income					
Council Tax	1	(108,161)	(114,294)		(114,294)
Council Tax Annexe Grant		0	(1)		(1)
Transitional Relief		0	0		0
Business Rates Receivable	2	(23,189)	0	(39,424)	(39,424)
Business Rates Transitional Protection Payments		920		1,962	1,962
Contributions towards previous year's deficit		0			0
Bury MBC		0	(464)	(24,892)	(25,356)
Central Government		0	(60)	0	(60)
Greater Manchester Fire & Civil Defence Authority		0	(26)	(251)	(277)
Total Income		**(130,430)**	**(114,845)**	**(62,605)**	**(177,450)**
Expenditure					
Precepts and Demands on Collection Fund					
Bury		140,287	91,060	49,859	140,919
Police		11,503	11,751		11,751
Fire		5,540	4,896	504	5,400
Central Government		0			0
Cost of Collection		232		237	237
Bad Debts		0			0
Change in Bad Debt provision		4,608	1,867	859	2,726
Write Offs		173	(128)	(180)	(308)
Contribution to (+)/ from (-) appeals provision		(3,021)		(2,466)	(2,466)
Transfer of Surplus		0			0
Police		968	0	0	0
Fire		459	0	0	0
Bury		15,808	0	0	0
Total Expenditure		**176,557**	**109,446**	**48,813**	**158,259**
Movement in collection fund Balance during year		46,127	(5,399)	(13,792)	(19,191)
Fund Balance brought forward		(17,490)	497	28,140	28,637
Closing cumulative (surplus)/ deficit carried forward		**28,637**	**(4,902)**	**14,348**	**9,446**

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	5/9	27
A	Less than £40,000	25,570	6/9	17,046
B	£40,000 to £52,000	16,529	7/9	12,856
C	£52,000 to £68,000	15,776	8/9	14,023
D	£68,000 to £88,000	8,492	1	8,492
E	£88,000 to £120,000	5,183	11/9	6,335
F	£120,000 to £160,000	1,758	13/9	2,540
G	£160,000 to £320,000	1,205	15/9	2,008
H	More than £320,000	160	18/9	320
		74,722		**63,647**
	Less allowance for losses on collection			(3,133)
	Impact of Council Tax Support Scheme			(6,686)
	Council Tax Base 2021/22			**53,828**

i) The actual number of properties was 84,222 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 74,721.50

ii) The Band D Council Tax levied for the year was £2,000.92 (£1,911.30 in 2020/21):

Band D Council Tax Levied	**2020/21 £000'S**	**2021/22 £000'S**
Bury Council	1,612.05	1,691.67
Greater Manchester Police Authority	208.3	218.3
Greater Manchester Fire & Civil Defence Authority	90.95	90.95
Total	**1,911.30**	**2,000.92**

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 2021/22 was 51.2p in the pound (51.2p in 2020/21) and at 31st March 2022 the estimated non-domestic rateable value of the Borough was £129.98 million (£132.41 million at 31st March 2021). In addition, in 2021/22 the Small Business Rate was set at 49.9p in the pound (49.9p for 2020/21).

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

2020/21 Gross Expenditure £000's	2020/21 Gross Income £000's	2020/21 Net Expenditure £000's	Group Comprehensive Income and Expenditure Statement	2021/22 Gross Expenditure £000's	2021/22 Gross Income £000's	2021/22 Net Expenditure £000's
107,554	(50,790)	56,764	One Commissioning Organisation	135,923	(61,463)	74,460
208,807	(169,395)	39,412	Children, Young People & Culture	204,067	(157,520)	46,547
32,577	(10,282)	22,295	Corporate Core Services	34,079	(15,353)	18,726
36,970	(52,635)	(15,665)	Non Service Specific	66,297	(41,768)	24,529
9,431	(6,677)	2,754	Business, Growth & Infrastructure	13,840	(6,992)	6,848
45,982	(20,125)	25,857	Operations	53,254	(14,778)	38,476
39,221	(35,916)	3,305	Housing General Fund	33,908	(33,961)	(53)
(12,411)	(13,051)	(25,462)	Local Authority Housing	(15,249)	(31,720)	(46,969)
468,131	**(358,871)**	**109,260**	**Cost of Services**	**595,560**	**(432,996)**	**162,564**
52,005	(591)	51,414	Other Operating Expenditure	30,327	(4,189)	26,138
29,681	(19,714)	9,967	Financing & Investment Income & Expenditure	34,790	(21,228)	13,562
0	(176,511)	(176,511)	Taxation & Non-Specific Grant Income & Expenditure	0	(199,173)	(199,173)
549,817	**(555,687)**	**(5,870)**	**Surplus or Deficit On Provision of Services**	**660,677**	**(657,586)**	**3,091**
		(13,872)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment			(18,220)
		10,080	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			0
		(1,890)	(Surplus)/Deficit from investments in Equity Instruments designated at fair value through Comprehensive Income			(500)
		109,313	Actuarial (gains)/losses on Pension assets & liabilities			(167,899)
		103,631	**Total Other Comprehensive Income & Expenditure**			**(186,619)**
		97,761	**Total Comprehensive Income & Expenditure**			**(183,528)**

Group Movement in Reserves Statement

Group Movement in Reserves Statement	Usable Reserves							Council Unusable Reserves	Subsidiary Entities Unusable Reserves	Total Unusable Reserves	Total Reserves
	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	£000's	£000's	£000's	£000's
Balance at 1 April Brought Forward	**(156,764)**	**(10,422)**	**(4,889)**	**(14)**	**(9,608)**	**(11,052)**	**(192,749)**	**53,763**	24,054	**77,817**	**(114,932)**
Movement in reserves during 2021/22											
Total Comprehensive Income and Expenditure	19,658	(17,246)	-	-	-	(1,474)	**938**	(172,083)	(12,383)	**(184,466)**	**(183,528)**
Adjustments between accounting basis and funding basis under regulations	2,145	17,826	(2,078)	14	(6,511)		**11,396**	(11,397)		**(11,397)**	**0**
Net (increase)/decrease before transfers to Earmarked Reserves	**21,803**	**580**	**(2,078)**	**14**	**(6,511)**	**(1,474)**	**12,334**	**(183,480)**	**(12,383)**	**(195,863)**	**(183,528)**
Transfers to/from Earmarked Reserves	-	-	-	-	-		**0**			**0**	**0**
(Increase)/Decrease in Year	21,803	580	(2,078)	14	(6,511)	(1,474)	**12,334**	(183,480)	(12,383)	**(195,863)**	**(183,528)**
Balance at 31 March carried forward	**(134,961)**	**(9,842)**	**(6,967)**	**0**	**(16,119)**	**(12,526)**	**(180,415)**	**(129,717)**	**11,671**	**(118,046)**	**(298,460)**

Group Balance Sheet

31st March 2021 £000's	Group Balance Sheet Description	31st March 2022 £000's
557,906	Property, Plant & Equipment	609,930
26,353	Heritage Assets	26,353
24,168	Investment Property	24,809
3,597	Intangible Assets	3,744
37,700	Long term Investments	38,200
33,695	Long term debtors	36,329
683,419	**Long term assets**	**739,365**
521	Short Term Investments	5,504
1,177	Stocks & Work in progress	1,504
60,162	Sundry Debtors & Advance Payments	58,582
21,051	Cash and Cash Equivalents	46,577
622	Assets Held For Sale	624
83,533	**Current Assets**	**112,791**
(6,392)	Short Term Loans Outstanding	(14,344)
(145)	Deposit & Client Funds	(140)
(3,948)	Short Term Provisions	(1,328)
(43,749)	Sundry Creditors & Advance Receipts	(51,963)
(73)	Revenue Grants Receipts In Advance	(15,536)
(54,307)	**Current Liabilities**	**(83,311)**
(201,567)	External Loans Outstanding	(207,817)
(4,272)	Capital Grants Receipts in Advance	(10,017)
(27)	Finance Lease Liabilities	(4)
(1,640)	Deferred Liabilities	(685)
(382,312)	Pension Liability	(244,699)
(7,895)	Long Term Provisions	(7,164)
(597,713)	**Long Term Liabilities**	**(470,386)**
114,932	**Net Assets**	**298,459**
181,697	Usable Reserves – Council	167,888
11,052	Usable Reserves – Subsidiaries	12,526
(53,763)	Usable Reserves – Council	129,717
(24,054)	Usable Reserves – Subsidiaries	(11,671)
114,932	**Total Reserves**	**298,460**

Group Cash Flow Statement

Group Cashflow Statement	2020/21 £000's	2021/22 £000's
Net surplus or (deficit) on the provision of services	5,870	(3,091)
Adjustment to surplus or deficit on the provision of services for noncash movements	13,385	48,895
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(4,354)	(24,312)
Net Cash flows from Operating Activities	**14,901**	**21,492**
Net cash flows from Investing Activities	(11,607)	(10,447)
Net cash flows from Financing Activities	(12,578)	14,480
Net increase or (decrease) in cash and cash equivalents	**(9,284)**	**25,525**
Cash and cash equivalents at the beginning of the reporting period	30,335	21,051
Cash and cash equivalents at the end of the reporting period	**21,051**	**46,576**

Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Group Cash Flows for Operating Activities	31/03/2021 £000's	31/03/2022
Interest received	3,822	4,365
Interest paid	(7,937)	(7,645)
Dividends received	-	0

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

Non-Cash Movements	31/03/2021 £000's	31/03/2022
Depreciation	14,470	15,038
Impairment and downward valuations	(3,861)	(11,196)
Amortisation	474	791
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	(7,016)	19,592
(Increase)/decrease in debtors	(21,190)	(4,288)
(Increase)/decrease in inventories	200	(327)
Movement in pension liability	5,951	30,286
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	26,521	2,357
Other non-cash items charged to the net surplus or deficit on the provision of services	(2,163)	(3,358)
	13,386	**48,895**

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	31/03/2021 £000's	31/03/2022
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	4,750	500
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(551)	(1,872)
Any other items for which the cash effects are investing or financing cash flows	(8,553)	(22,940)
	(4,354)	**(24,312)**

Group Cash Flow Statement – Investing Activities

Group Cash Flow Statement - Investing Activities	31/03/2021 £000's	31/03/2022 £000's
Purchase of property, plant and equipment, investment property and intangible assets	(20,715)	(37,005)
Purchase of short-term and long-term investments	(3,740)	(5,500)
Other payments for investing activities	-	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,207	4,135
Proceeds from short-term and long-term investments	-	0
Other receipts from investing activities	10,641	27,923
Net cash flows from investing activities	**(11,607)**	**(10,447)**

Group Cash Flow Statement – Financing Activities

Group Cash Flow Statement - Financing Activities	31/03/2021 £000's	31/03/2022 £000's
Cash receipts of short- and long-term borrowing	12,300	20,000
Other receipts from financing activities	0	0
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(22)	(23)
Repayments of short- and long-term borrowing	(23,133)	(5,190)
Other payments for financing activities	(1,723)	(307)
Net cash flows from financing activities	**(12,578)**	**14,480**

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 2021/2022 are audited by RSM and will be submitted to their Audit, Standards, Risk and Performance Committee on 2nd September 2022, followed by the Board meeting on 22nd September 2022.

Financial Transactions and Operations: In 2021/2022 Six Town Housing made a surplus of £1.654 compared to a surplus of £0.036m in 2020/2021. Bury Council paid management fees of £13.059 in 2021/2022 (£13.059m 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 2021/22:-

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	2021/22	**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**
Short Term Loan	>1					0.5	**0.5**
TOTAL		**1.140**	**0.410**	**2.035**	**0.250**	**0.5**	**4.335**

Copies of Six Town Housing Ltd 2021/22 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 £12.075m 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 2021/22	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 2021	**4,957**	**5,456**	**292,247**	**75,612**	**226,362**	**19,954**	**20,082**	**644,670**
Additions & Acquisitions	5,398	1,067	12,746	7,779	10,504	24	4,001	**41,519**
Revaluations Recognised in the Revaluation Reserve	-	-	15,821	-	2,410	2,251	-	**20,482**
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	-	-	0	-	(1,238)	(24)	-	**(1,262)**
Disposals	(1,201)	-	(1,938)	-	(393)	0	- 12.73	**(3,545)**
Reclassifications & Asset Transfers	0	-	0	-	(4)	0	-	**(4)**
Movement in Cost/Valuation	**4,197**	**1,067**	**26,629**	**7,779**	**11,279**	**2,251**	**3,988**	**57,190**
Amount as at 31st March 2022	**9,154**	**6,523**	**318,876**	**83,391**	**237,641**	**22,205**	**24,071**	**701,860**
Accumulated Depreciation & Impairments as at 1st April 2021	**(270)**	**(2,146)**	**(16,259)**	**(36,261)**	**(17,192)**	**(775)**	**(13,860)**	**(86,764)**
Depreciation charged in year	-	-	(7,683)	(2,108)	(4,240)	-	(1,124)	**(15,155)**
Depreciation written out to the Revaluation Reserve	-	-	7,309	-	2,615	-	-	**9,924**
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	0	-	0	-	-	**0**
Depreciation Written out on Disposal	-	-	47	-	9	-	4.85	**61**
Reclassifications & Asset Transfers	-	-	-	-	4	-	-	**4.00**
Impairments Written Out on Revaluation	-	-	0	-	-	-	-	**0**
Impairments Written Out on Sale of Asset	-	-	0	-	-	-	-	**0**
Impairments Written to Revaluation Reserve	-	-	0	-	0	-	-	**0**
Impairments Recognised in the Surplus/Deficit on the Provision of Services	-	-	0	-	0	-	-	**0**
Movement in Depreciation & Impairment	**-**	**-**	**(327)**	**(2,108)**	**(1,612)**	**0**	**(1,119)**	**(5,166)**
Amount as at 31st March 2022	**(270)**	**(2,146)**	**(16,586)**	**(38,369)**	**(18,804)**	**(775)**	**(14,980)**	**(91,930)**
Opening NBV	**4,687**	**3,310**	**275,988**	**39,351**	**209,169**	**19,179**	**6,222**	**557,907**
Total Movement	**4,197**	**1,067**	**26,302**	**5,671**	**9,668**	**2,251**	**2,869**	**52,024**
Closing NBV	**8,884**	**4,377**	**302,289**	**45,022**	**218,837**	**21,430**	**9,091**	**609,931**

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)**	**(12,755)**	**(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	**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 2022 Total £000	31 Mar 2021 Total £000
Estimated Employers' Assets	914,170	53,178	41,617		1,008,965	926,183
Present Value of Scheme Liabilities	(1,145,576)	(60,748)	(47,339)	0	(1,253,663)	(1,308,495)
Net Pension (Liability)/Asset	(231,406)	(7,570)	(5,722)	(13,970)	(258,668)	(382,312)

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 2022 %	31 March 2021 %
Equity	68	71

Bonds	18	18
Property	10	9
Cash	4	3
	100	100

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

	Period ended 31 March 2022			Period ended 31 March 2021		
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	**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)**
Opening position	**(382,312)**	**926,183**	**(1,308,495)**	(261,425)	759,991	(1,021,416)
Service Costs:						
- current service cost*	**(40,529)**	**0**	**(40,529)**	(28,608)	**0**	**(28,608)**
- past service costs (including curtailments)	**(682)**	**0**	**(682)**	2,607	**0**	**2,607**
Total service cost	**(41,211)**	**0**	**(41,211)**	(26,001)	0	(26,001)
Net Interest:						
- interest income on plan assets	**17,712**	**17,712**	**0**	17,488	**17,488**	**0**
- interest cost on defined benefit obligation	**(25,361)**	**0**	**(25,361)**	(23,446)	**0**	**(23,446)**
Total net interest	**(7,649)**	**17,712**	**(25,361)**	(5,958)	17,488	(23,446)
Total defined benefit cost recognised in Profit or (Loss)	**(48,860)**	**17,712**	**(66,572)**	(31,959)	17,488	(49,447)
Cashflows:						
- Contributions from Members	**0**	**5,014**	**(5,014)**	0	**5,301**	**(5,301)**
- Contributions from Employer	**16,161**	**16,161**	**0**	17,152	**17,152**	**0**
- Contributions in respect of unfunded benefits	**2,413**	**2,413**	**0**	2,509	**2,509**	**0**
- Benefits paid	**0**	**(29,184)**	**29,184**	0	**(28,619)**	**28,619**
- Unfunded benefits paid	**0**	**(2,413)**	**2,413**	0	**(2,509)**	**2,509**
Cashflows	**18,574**	**(8,009)**	**26,583**	19,661	(6,166)	25,827
Expected closing position	**(412,598)**	**935,886**	**(1,348,484)**	(273,723)	771,313	(1,045,036)
Remeasurements:						
- Changes in demographic assumptions	**10,820**	**0**	**10,820**	(6,873)	**0**	**(6,873)**
- Changes in financial assumptions	**78,968**	**0**	**78,968**	(265,835)	**0**	**(265,835)**
- Other experience	**5,032**	**0**	**5,032**	9,249	**0**	**9,249**
- Return on assets excluding amounts included in net interest	**73,079**	**73,079**	**0**	154,870	**154,870**	**0**
Total Remeasurements recognised in CIES	**167,899**	**73,079**	**94,820**	(108,589)	154,870	(263,459)
Fair Value of Employer Assets	**1,008,965**	**1,008,965**	**0**	926,183	**926,183**	**0**
Present Value of Funded liabilities	**(1,226,695)**	**0**	**(1,226,695)**	(1,278,404)	**0**	**(1,278,404)**
Present Value of Unfunded liabilities	**(26,969)**	**0**	**(26,969)**	(30,091)	**0**	**(30,091)**
Closing Position as at 31 March 2022	**(244,699)**	**1,008,965**	**(1,253,664)**	(382,312)	926,183	(1,308,495)

5. Cash and Cash Equivalents

Cash and Cash Equivalents	2020/21 £000's	2021/22 £000's
Cash held by the Authority	10,078	11,863
School Bank Accounts	796	1,178
Bank Call Accounts	15,428	38,062
Bank Overdraft	(5,251)	(4,526)
Total	**21,051**	**46,577**

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 2021/22 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.

Agenda Item 7

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	25th July 2022
Title of report:	Annual Governance Statement 2021/22
Report by:	Executive Director Finance
Decision Type:	Council
Ward(s) to which report relates	**All**

Executive Summary:

This report introduces the draft 2021/22 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report.

Recommendation(s)

That:

Audit Committee Members are recommended to note and comment on the contents of the draft version of the Council's 2021/22 Annual Governance Statement (AGS).

Key Considerations

1. Background

1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published.

1.2 Audit Committee Members are asked to note the findings of the 2021/22 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2022/23.

2. The purpose of the governance framework

2.1. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor its achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2 The governance framework is designed to manage risk to a reasonable level. The associated processes cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Council's governance framework

3.1 Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. As set out in its Code of Corporate Governance, the Council aims to achieve good standards of governance by:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining the Council's outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the Council's intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.

- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2 The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement it has been confirmed that the documents and arrangements referenced remain current. It is however recognised that a refresh of the documents and the Constitution would be beneficial going forward.

4. Key Elements of the Governance Framework

4.1 The key elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE framework – Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Principle B – Ensuring openness and comprehensive stakeholder engagement

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals with in it

Principle F – Managing risks and performance through robust internal control and strong public management

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

4. Process to Support the Annual Governance Statement

4.1 The following arrangements were in place to enable the production of the AGS for 2021/22

a) Annual Review of Corporate Governance (Assurance Gathering process)

An assurance mapping exercise to identify potential sources of assurance available was carried out with the aim of:

- Mapping systems / processes in relation to which assurance is required in accordance with the existing CIPFA framework.
- Identifying existing sources of assurance to confirm that key controls / risks are operating / managed effectively. Sources include:
- Management Controls including legal compliance, performance management, and risk and financial reporting functions operating at corporate and directorate level;
- Internal assurance including Internal Audit, other compliance functions and internal review work;
- External assurance e.g. External auditor and other inspectorates, partner's compliance functions etc.

b) Production and Approval of the Annual Governance Statement

Input from Members and Officers to produce and approve the 2021/22 AGS includes:

- Executive Directors and senior managers to contribute to the content of the Statement.
- Executive Directors and senior managers to review the adequacy/robustness of the Statement.
- Chief Executive and Leader to agree the draft AGS.
- Draft Annual Governance Statement to accompany the draft accounts to be provided to the External Auditor.
- Draft Annual Governance Statement to be shared with the Audit Committee.
- Audit Committee to approve the final version of the AGS, post external audit review, which is signed by the Chief Executive and Leader, and accompanies the Council's final accounts.

5. Benefits of the Process

5.1 It is noted that whilst there is a legislative requirement to complete the AGS, the information provided by the exercise is of benefit to the Council as it enables an assessment of governance arrangements across the Council and identifies where strengths and areas for development exist in those arrangements. Where significant governance issues are identified, progress can be monitored as required through the year (and reflected within the following year's AGS).

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

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

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

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

    (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

    (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	**Mitigation**
If the AGS timetable is not achieved there is a risk that the AGS is not completed to meet the statutory deadline.	The progress of completion of works for the AGS will be monitored and reported to future Audit Committees.

Consultation:

There are no consultation requirements.

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service however supports the governance framework and the work on business grants has also ensured that the risk of fraud to the Council is minimised.

Report Author and Contact Details:

Sam Evans – Executive Director of Finance
Email: s.evans@bury.gov.uk

Background papers:

Appendix 1 Annual Governance Statement 2021/2022

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

Term	Meaning
CIPFA	Chartered Institute of Public Finance and Accountancy
AGS	Annual Governance Statement

Annual Governance Statement 2021/22
Scope of Responsibility

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging the overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

Bury Council acknowledges its responsibility for ensuring there is a sound system of governance. The Council has adopted a Code of Corporate Governance, which is consistent with the seven principles of the CIPFA / SOLACE Framework "Delivering Good Governance in Local Government".

This statement reports on the Council's governance framework that has been in place during 2021/22 and explains how it has complied with its own code of corporate governance, including how the effectiveness of arrangements has been monitored. This meets the requirements of regulation 6 (1) of the Accounts and Audit (England and Wales) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

In addition to this, the annual governance statement sets out how the Council has complied with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations (England and Wales) 2015. The Coronavirus amendment revised the deadlines applicable for Local Authorities as follows:

- Approval of draft accounts 31 July (previously 31 May).
- Public inspection Period to start on or before first working day of August 2021 (previously included first 10 working days of June).
- Publish Final Audited Accounts 30 November (previously 31 July).

The Council's financial management arrangements are consistent with a number of the governance requirements of the CIPFA statement on the role of the Chief Finance Officer in Local Government (2016). The Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others. For the 2021/22 financial year The Joint Chief Finance Officer (and designated Section 151 Officer) is a joint appointment across both the Council and the CCG. They are a member of, and attend, the meetings of the Executive Team which integrates the Executive Teams for the Council and the Clinical Commissioning Group. When the CCG ceases to exist on the 30th June 2022, the Chief Finance Officer will continue to be the Councils S151 Officer and will take on the role of the strategic finance lead for Bury Integrated Care Partnership – part of the GM Integrated Care system.

The introduction of the new Integrated Care System (ICS) arrangements at Greater Manchester level will drive the next phase of health and social care integration. The operating model for health and social care integration will be key to enabling further progress towards achievement of improved health outcomes for our residents. It will help tackle health inequalities and develop a financially and clinically sustainable system. Further work will be required over the next 12 months to ensure the governance arrangements track the next stages of health and social care integration. Our Chief Executive is now the Leader of Place for the health system across the Borough.

All statutory officers have access to the Chief Executive. The Council considers that its management arrangements are appropriate in the context of compliance with the CIPFA Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor its achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The governance framework is designed to manage risk to a reasonable level. The associated processes cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's governance framework

Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. As set out in its Code of Corporate Governance, the Council aims to achieve good standards of governance by:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining the Council's outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the Council's intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement it has been confirmed that the documents and arrangements referenced remain current. The constitution is a living document and subject to a rolling programme of review. Key elements of the governance framework are as follows:

Organisational Priorities

The Bury Council and Bury CCG Corporate Plan 2020-22 sets out delivery priorities and performance measures that will guide the work of the organisation. This plan describes how the Council and CCG will deliver its contribution to the Let's do it! ten-year strategy for the Borough of Bury. In July 2021 the corporate plan was aligned to the 3R priorities of response, recovery and renewal.
Key Progress achieved during the year against the objectives within the Corporate Plan and 3Rs is set out in the following table:

Response	• Deployed our Local Outbreak Management Plan including achieving an 80% vaccination uptake for eligible residents in the Borough. • Supported our Health and Social Care System through Planned, Urgent & Community based Health & Care, providing support for children in need of help and protection, addressing Population Health including mental health and Strategic Finance. • Targeted enterprise support for our businesses and traders with over £7m allocated to businesses through emergency response funds, national grants and other developments. • Development of the Ofsted improvement plan to drive delivery via the established improvement board. • A community recovery "Pitch" participatory budget scheme delivered in each neighbourhood with applications and grants distributed.

Recovery	• Community strengths and assets.
	• Delivering on key priority areas for health and care transformation: urgent care, planned care, community-based services, mental health and well-being, and learning disabilities and a greater emphasis on prevention and early intervention.
	• The Locality plan for health and care has been updated to chart the progress made since 2017 and reflect the changing delivery context including the increasing health and economic inequalities due to Covid and the national NHS changes which will impact on place-based arrangements. The emerging plan defines the following objectives for the next three years:
	  ○ We will seek to **influence the factors that improve population health** and wellbeing and reduce health inequalities.
	  ○ We will **support residents to be well, independent, and connected** to their communities and to be in control of the circumstances of their lives
	  ○ We will support **residents to be in control of their health and well being.**
	  ○ We will **support people to take charge of their health and care and to live well at home**, as independently as possible.

	○ We will **support children to 'start well'** and to arrive at school ready to learn and achieve. ○ We will ensure residents **have access to integrated out of hospital services** that promote independence, prevention of poor health, and early intervention. ○ We will secure **timely access to hospital services where required.** ○ We will work to **reduce dependence of people on institutional care** – hospitals and care homes. ○ We will work to ensure **high quality responsive services** where people describe a good experience of their treatment.
Renewal	• Celebrated together as the Town of Culture for 2021 with various events and developed a new cultural strategy for the Borough which gives a clear plan for how we continue to develop our cultural identities and economy. • Prepared the framework for a new Skills Strategy inclusive of Schools, FE, HE and Community Learning including a new apprentice strategy. • Developed and implemented the first phase of our Climate Change Action Plan to be carbon neutral by 2038. Total funding value for the decarbonisation project confirmed as £2,448,375 and £763,640.39 spent to end March 2022. Council committed to be single use plastic free by end of 2022/23 and distribution of the £100k Climate Action Fund continued. • Neighbourhood model development continued, and the Radcliffe People and Skill Plan was completed with 7 thematic delivery plans. • Development and agreement at full council of both the Community Safety Strategy and Domestic Abuse Strategy this included the Women's Safety Charter as part of marking International Women's Day. • £40m LUF award confirmed for Radcliffe and Bury Market Flexihall. • The Bury Town Centre Masterplan and Ramsbottom Place Management plan public consultations completed, and approach approved by Cabinet. • Both Bury Flexihall and Radcliffe Strategic Regeneration Framework RIBA Stage Two consultation complete.
Internal Transformation	In July 2021 the Cabinet agreed a multi-year internal transformation programme with the objectives of both improving the quality of provision and delivering financial savings. The programme is led by an Executive Delivery Board and comprised of three workstreams: Let's Do It! Key elements of delivery include: • Once – an integrated contact and transact and digital first strategy: ○ Council's Service Standards refreshed and implemented. ○ Development of digital strategy including new website. ○ Service review of the cashier function completed.

	• Flexibly – estates rationalisation and agile working:
	  ○ Agreement of an initial set of admin buildings for rationalisation.
	  ○ Structured evaluation of staff agile working.
	  ○ Development of corporate landlord function.
	  ○ Development of future strategy for Town Hall.
	
	• Well – internal improvement and efficiencies, including digital by design:
	  ○ Implementation of a corporate business and executive Support service.
	  ○ Launch of iTrent improvements.
	  ○ M365 adoption and training.
	  ○ Pulse surveys launched to improve staff engagement.
	  ○ Development of core management training programme.
	  ○ Procured partner to deliver values and behaviours programme.

During 21/22 significant work has been progressed to further delivery of the Equalities, Diversity and Inclusion Strategy and our agreed Equality Objectives including:

- Continued operation of the Inclusion Working Group and expansion and establishment as a formal partnership, 'Team Bury' sub-group.
- Further inclusion training for all elected members.
- Delivery of an action plan focused on race inclusion including: a programme of community listening events with a resultant programme of work to drive public service race inclusion going forwards, development of a guide on agreed language and terminology in relation to race, the reinvigoration of the Council's BAME employee group and significant communications, engagement and education activity linked to Black History Month.
- Successful application to the Greater Manchester Health and Social Care Partnership for funding to progress a project looking at inclusive public service recruitment in Bury and Rochdale across 22/23.
- Establishment of an operational leadership role to lead on Equality, Diversity and Inclusion across the Council and CCG.

Key Elements of the Governance Framework

The key elements of the Council's governance framework are detailed against each principle in the CIPFA/SOLACE framework – Delivering Good Governance in Local Government as follows:

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

The Council's Director of Law & Governance undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with. The Director of Law is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively. The Executive Director for Finance has statutory reporting duties in respect of unlawful and financially imprudent decision making. The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016).

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest.

There is a register of Members Interests, in with Members' disclosable pecuniary interests, personal interests and prejudicial interests are registered A copy of Members interests are available on the Council website. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure.

Following an all-out election in May 2022 a revised Members induction process has been implemented, this is now a full day event. Members are now provided with a revised handbook to assist them as a Member of the Council, the handbook provides details of the relevant codes.

The Council has a code of conduct for elected and co -opted Members as required by the Localism Act 2011. Allegations that the code has been breached are heard by the Standards Subcommittee. The operation of the code of code is currently being reviewed in light of LGA model guide revisions. (Constitution Part 5 – section 1 Councillor Code of Conduct). The standards subcommittee consider allegations of inappropriate behaviour. The Monitoring Officer protocol has been updated and was adopted by Council in May 2022.

The Constitution is a living document and subject to review, amendments to the constitution are agreed by Council.

In order to enable third party challenge to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner. This provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the Council, and explains how these will be investigated (Constitution Part 5 – section 4 – Anti Fraud and corruption – whistleblowing).

The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions. The Council has three scrutiny committees, overview and scrutiny, Childrens and young people and Health. The Chairs of these committees have work programmes in place to effectively forward plan the work of the committees. The overview and scrutiny committee has a subcommittee reviewing performance and finance. The introduction of these sub committees and working groups have allowed further thematic scrutiny to take place. The annual scrutiny report can be viewed here.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. (Article 6 – Council Committee structure).

Staff behaviour is governed by the Employees Code of Conduct,(constitution Part 5 section 2) which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service. The Code was formally reviewed this year and strengthened to ensure matters related to Information Governance and social media for example were appropriately referenced.

The Council's Director of Law and Governance undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way ensuring that laws and regulations are complied with.

The Council has measures to assess breaches of its legal and regulatory powers.

The Council's monitoring officer has statutory reporting duties in respect of unlawful decision making and maladministration.

The Executive Director of Finance has statutory reporting duties in respect of unlawful and financially imprudent decision making,

The Council ensures it complies with CIPFA's statement on the role of the Chief Finance Officer in Local Government (2016)

The Council led by the development of the *Let's do it!* Strategy for the whole borough. *Let's* is an acronym for a framework of core operating principles which is intended to drive a common mindset across all partners in Bury to:

- Operate **Locally** through a neighbourhood model which means truly understanding and engaging with local communities;
- Drive **enterprise;**
- Work **Together** with inclusion at our core; and
- Take a **strengths**-based approach.

A framework of organisation development has been specified within the Council to refresh internal values against the *Lets* framework and ensure all managers and staff have the skills and mindset to embed this approach. This work has now commenced, through alignment of the LET's principles to ongoing organizational activity, such as staff communication and awards and the commissioning of external specialist input to co-design and embed an approach to organizational values and behaviors which will underpin the LET's principles.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage. During this year the Council also lead the work to begin to scope a social value model across the Team Bury partnership which maximises the local supply chain and seeks to secure a contribution towards borough-wide outcomes from all our commissioned providers

Bury Council declared a climate Emergency - Proposals to make the declaration were waved through together with an "aspiration" for Bury to be carbon neutral by 2030, following a commitment earlier in the year to become single-use plastic free by 2022

In November 2021 the Council became an accredited Living Wage employer. The Real Living wage is now paid to all directly employed staff and a plan to apply this rate of pay to commissioned providers is in place, in-line with the terms of our accreditation.

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Council has led the development of a ten-year vision for the borough which engages partners across the Borough in delivery – Team Bury. The Strategy defines the vision; outcome measures and delivery plan to achieve a challenging vision for the borough – to achieve: **faster economic growth than the national average, with lower than national average levels of deprivation.** To direct the council's contribution to this strategy a Corporate Plan has been produced and quarterly monitoring reports are produced for the council's Cabinet.

All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means the public are excluded), with agenda and reports being produced on the Council's website. During the pandemic the council has live streamed a range of meetings including Council, Cabinet and scrutiny, as well as providing on line access to recordings of other meetings.

The Council publishes a forward plan, notices of key decisions to notify the public of the most significant decisions it is due to take, this is available on line.

Cabinet and the Overview and Scrutiny committees are provided with quarterly updates on delivery of the Corporate Plan Including progress against delivery plans as well as Key Performance Indicators across each department . Scrutiny of the use of resources and risk management is provided by the Audit Committee. The Council currently has 2 Overview and Scrutiny Committees – Health Scrutiny Committee and the Overview and Scrutiny Committee. In addition to this, there is a Joint Health Scrutiny Committee for The Northern Care Alliance. The Overview and Scrutiny Committee work programme reflects the corporate business planning cycle and provides an opportunity to triangulate oversight of the Council's use of resources through a remit which includes:

- budget monitoring;
- delivery of strategy and priorities within the Corporate Plan; and
- performance outcomes, for which a committee sub group is now in place.

The Council leads wider stakeholder and community involvement in the Borough strategy through:

- the network of Community Hubs in each neighbourhood which are designed to co-ordinate engagement across Ward Councillors; local residents themselves and the wider voluntary and community sector;
- the Team Bury Leadership Group, chaired by the Leader of the Council, which engages Chairs/Non Executive leaders of key Bury partnership organisations in long term strategy, ideas and innovations;
- the Team Bury network of the Bury system at Chief Executive level, chaired by the Deputy Chief Executive, which aims to represent wider partners in delivery of the strategy and the work of the Council;

- engagement of health and care system leaders through the Health and Wellbeing Board which was refreshed this year with a clear remit around tackling health inequalities, as well as playing a key leadership role in health network including the Locality Board; GP networks and Strategic Commissioning Board, and the System Strategic Finance Group.

The Bury Business Leaders group also meets on a regular basis to influence and shape the economic strategy and business engagement within the Borough. In May 2022 Bury town centre businesses voted to establish a Business Improvement District.

In addition to the above, the Council is a constituent District of the Greater Manchester Combined Authority (GMCA) which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA.

In order to demonstrate its openness, the Authority also publishes its:

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Information on payments over £500
- Information on the senior structure and senior roles

There is regular contact with the other nine constituent Districts through the meetings of the GMCA. Lead Members and Officers feedback issues to the constituent Districts on pertinent matters. Separately the Statutory Regulatory Officers for Finance and Monitoring Officers of each of the districts meet regularly to consider matters of common interest and agree a common approach on shared issues including companies where the Authorities are key shareholders.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepare appropriate press releases to support activities undertaken by the Council and keep residents informed. The Council's website has been updated throughout the year. The Council use their social media platform to share key messages with residents. A refresh of the Communications and Engagement strategy has been completed.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The Let's do it! Strategy and associated Corporate Plan sets out the immediate and long-term vision for Bury and the work of the Council and its partners. This planning framework seeks to drive and continually measure progress against seven overarching outcomes for the Borough, which are:

1. Improved quality of life.
2. Improved early years development.
3. Improved educational attainment.
4. Increased adult skill levels and employability.
5. Inclusive economic growth.
6. Carbon neutrality by 2038.
7. Improved digital connectivity.

The 2021/22 budget which delivered within the agreed resource allocation supported this strategy.

Full Council agreed the budget for 2021/22 on 24 February 2021. This included all budgets – Revenue, Capital, Dedicated Schools Grant and the Housing Revenue Account. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 3% increase for the Adult Social Care Precept to be implemented for one year only and a 2% general Council Tax increase for each year in the planning period.

A new 5 year medium term financial strategy was developed from 2020/21 onwards. In developing and balancing the budget, the Council identified options for efficiencies and also agreed for the use of one of reserves in order to achieve a balanced position, in financial years 2021/22 and 2022/23. The Council also agreed investment through the capital programme and capital strategy. This has been further bolstered by the successful award of two levelling up fund bids each of £20m for the Radcliffe hub and the Bury flexi hall in 2021/22.

Both the Council and the CCG have aligned a significant proportion of their budgets into a pooled fund for a number of years. The pooling arrangement has provided a significant opportunity to align commissioning outcomes and intentions of both the Council and the CCG and to utilise funding to provide an integrated and co-ordinated approach to commissioning and delivery of services. Whilst the CCG will no longer exist beyond the 30th June 2022, the pooling of funds with the NHS will continue.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The Constitution defines and documents the roles and responsibilities of Officers and Members and delegation arrangements, protocols for decision making and codes of conduct for Members and staff. Revisions to the rules of Council and Committees were agreed by Council in November 2021 and further constitution updates were made in May 2022. Delegation of decision making to officers is detailed in the constitution, so that they can deal with the day to day running of the service. Details of what decisions are taken in this way is set out in the Council's constitution. The underpinning Scheme of Delegation is now subject to appropriate updates. Further specific delegations may be granted, through recommendations in public reports to Committees.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny which has been enhanced by the virtual meetings now taking place. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System. The Council has a number of meetings which are streamed live, this includes Council, cabinet, overview and scrutiny and regulatory meetings. It has been noted that following the pandemic there has been an increase in the number of visitors viewing the live stream.

The Standards Committee reviews Members' conduct following the receipt of complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council.

Cabinet portfolios are assigned on a functional basis rather than by directorate and subject to appropriate officer support. Officers meet with portfolio holders on a regularly, at the portfolio meetings progress with the Corporate and Directorate plans are discussed alongside new and emerging issues. The is an established Policy Advisory Group comprised of the Council's Cabinet and Executive Team provides an informal forum for the development of policy proposals and relationships. Officers also meet with opposition leaders and both main opposition parties submitted alternative budget proposals for the 2021/22 and 2022/23 budgets. Opposition leaders were supported by officers in developing their options and confidentiality was maintained throughout the process. The Chief Executive provides regular updates to Leader regarding our progress with our improvement work in Children and Young Persons.

The Executive Director of Finance for the Council and NHS Bury CCG is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972.

Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility.

Funding remains a considerable risk for the future due to the continuance of one year funding settlements. The Council has worked with the resources available and has adopted a set of planning assumptions to inform resource forecasting for future years. There however remains great uncertainty and the planned 3 year CSR that was expected in early 2020/21 didn't happen and instead a further 1 year settlement was given. This means that the Council is likely to be planning for the longer term but with short term funding announcements. Scenario planning and updates to the medium term financial strategy will be presented at key points throughout the year to ensure the Council has a robust plan for delivering a budget for future years and is aware of the risks and uncertainties that exist.

All Directors prepare a service plan which demonstrates how they will deliver their responsibilities within the Corporate Plan, as well as business as usual activity. Plans were included in the Corporate Plan which was presented to Full Council with the budget for the year. The plans were agreed by Full Council in February 2021.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals with in it

The Council is committed to a programme of leadership development as part of an organisation development strategy and early financial provision is made within the transformation strategy. This year work has been commissioned to support the establishment and effective delivery of the Executive Team. The Council's approach to leadership engagement has also been strengthened through the further embedding of the Strategic Leadership Group (the Executive Team and their direct reports) and the Senior Managers' Forum (the next tier of management). These two groups are now meeting regularly and working to a structured plan. In the year ahead this approach will be further built upon through both a programme of leadership masterclasses and the establishment of a core programme of management basics training for the circa. 300 people managers employed.

The Council has many policies and procedures relating to HR and these are available on the Council's intranet site and are easily accessible. It is intended that the policy framework will be reviewed during the next financial year and a staff handbook developed, to ensure consistent and high-quality people management across the Council.

Services are required to have regular team meetings, and one to ones with line managers and these are in addition to the annual performance setting discussions that inform key priorities and outcomes for the year (the Employee Review). There is a weekly Executive team briefing, regular weekly staff e-mail communications providing staff broadcasts and wellbeing support.

The Council has active engagement with the Trade Unions and there are regularly convened Corporate and departmental Joint Consultative Committees to discuss restructures and specific service matters. The Trade Unions also play an active role in consultations with staff and feedback comments to the Council.

This year there has been significant work to strengthen governance and reporting arrangements in relation to health and safety. This has included the re-establishment of a formal Health and Safety Joint Consultative Committee and the implementation of a quarterly cycle of performance reporting provided to the Council's Executive Team and Health and Safety Joint Consultative Committee as well as an annual performance report and objective setting process which will be reported to Cabinet.

To keep staff aware of changes as a result of COVID19, a bespoke workforce guidance document has been maintained. This provides essential advice and support for people working at home including practical advice, risk assessment frameworks, as well as specialist advice through an Employee Assistance Programme. The welfare and wellbeing of staff has been recognised as a key priority for the Council particularly through COVID and a comprehensive staff wellbeing offer was developed. As a result staff absence is currently on a downward trajectory although ongoing improvement in staff attendance levels remain a risk.

Principle F – Managing risks and performance through robust internal control and strong public management

Risk management arrangements are in place and risk registers are available at a Corporate and Directorate level. During the course of the year, work has been undertaken to consolidate risks across the whole of the organisation between the Council and the CCG to ensure the consistency of approach and model. There is however a need to embed risk management in services and to ensure that risk is considered at all times.

The risk register is presented to, and discussed by, the Executive Team throughout the year. Through the 2021/22 financial year this function has been supported by a lead officer within the CCG with responsibility for governance and risk management.

In addition to this, internal audit report findings on audits to the Audit Committee throughout the year. Other senior officers throughout the organisation report to both the Council's Cabinet and the Strategic Commissioning Board as well as various Overview and Scrutiny Boards. The Council has three scrutiny Committees which hold decision makers to account and play a key role in ensuring that public services are delivered in a way residents want, The agenda, reports and minutes are publicly available on the Council website.

Reports to Committees also include a section that sets out the risks to any proposals and recommendations. Equality Impact Assessments are undertaken, where required and documented as part of all formal Committee Reports to ensure the Council is acting in accordance with the requirements of the Public Sector Equality Duty.

All reports presented to Cabinet are signed off by both the Monitoring Officer and the S151 officer (or nominated individual) to ensure appropriate financial and legal oversight is provided on all recommendations. Legal and financial implications are set out in all reports to ensure that the implications of recommendations are fully understood prior to a decision being made.

The processing of personal data is essential to the services and functions of the Council. The Council complies with Data protection legislation which includes the GDPR (General Data protections Regulation) and the data protection act 2018 (DPA 2018). This will ensure that processing is carried out fairly, lawfully and transparently.

The Council reviews its policies to ensure they remain consistent with the law, any compliance advice a code of practice/guidance issued by the Information Commissioners office. Staff undertake annual training on information governance. The deputy Chief Executive is the Senior Risk information officer for the Council (SIRO)

The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames. The Council makes information available to the public via the regimes set out in the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation including the Data protection Act 2019, provides individuals with rights, the Council has policies in place to respond to these requests.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision making structure and the financial value of the transactions controlled by the Authority.

Quarterly financial reports submitted to Cabinet detailing estimated out-turn against the approved budget. The 2021/22 month 9 budget monitoring report highlighted that the Council was forecasting an underspend. This was driven by underspends in the One Commissioning Organisation and Public Health due to one off funding received as part of the hospital discharge Hanna and the Covid Outbreak Management Fund, underspends within non specific services on the cost of borrowing due to slippage on the capital Hanna, reductions in the levies and the reintroduction of the airport loan interest budget. There were however, overspends in childrens services due to increased costs with social care and safeguarding and as a consequence of the recognition this would be an ongoing pressure a £3m childrens reserve was established.

The month 9 budget report updated Cabinet members and rephased a significant part of the capital Hanna. This was for a number of reasons which included, schemes which were multi year but had previously all been phased as 2021/22, receipt of levelling up funds which had restrictions on when they could be spent meaning council funding was then rephased, delays in receipt of materials meaning that schemes attributable to the decarbonization funding could no longer be delivered within the required timeframe and therefore the funding was reallocated to other districts within GM.

Principle G – Implementing good practice in transparency, reporting and audit to deliver effective accountability

The Council has a key role in the Greater Manchester Strategy including that under devolution by:

- taking part in the monthly meetings of the Combined Authority with the Leader representing the Council;
- agreeing to both innovation and risk by piloting new initiatives at a regional level such as 100% business rates retention;
- locality working with health at both a Greater Manchester wide level and Bury area.

In addition to this, the Council is a member of the Greater Manchester Health and Care Partnership Board and Joint Commissioning Board. As part of the Transparency Agenda the Authority publishes Senior Officer Salaries over £50,000 and payments over £500 on its web site.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement for 2021/22.

The Council welcomes peer challenges and internal and external review and audit. An ICO inspection and Peer Review revisit took place in July 2021, with further feedback in the Information Commissioner's Office confirmed the date of their desk-top revisit to Bury Council, which took place 11-14 April 2022. Overall, they were positive about the progress made, with 57 recommendations completed and 22 in progress and have not stated any further plans to return to Bury.

A LGA peer review of Highways was also undertaken in June 2022 and to support the work on Children and young people there was a finance peer review and finance benchmarking analysis of 2020/21 published data against peer authorities.

The Council is in regular liaison with key Government bodies and is also fully engaged with the Local Government Association (LGA), Greater Manchester Combined Authority and specialist region wide initiatives such as the greater Manchester Growth Hub, along with peer groups such as S151 officers and monitoring officers.

The Audit Committee had new members 2021/22 and has again in 2022/23, therefore, a refresh of the training plan will be undertaken and implemented during 2022/23 to ensure members of the Committee understand their role and are able to discharge their statutory duties effectively. However, during 2021/22 the Committee did receive a presentation updating Members on the importance of information governance and all elected members were invited to general finance training prior to the setting of the 2022/23 budget. Member training is provided prior to members sitting on the regulatory planning and licensing committees.

All External audit work is conducted with regard to the Code of Practice produced by the National Audit Office.

Partnership Arrangements

The Council currently delivers a range of services, which often involve working in partnership with others. The Council established a pooled budget arrangement with NHS Bury CCG that commenced during 2019/20. This has resulted in the pooling or aligning of budgets in excess of £470m with a further £40m in view of the Strategic Commissioning Board, which is a Board made up of elected members of the Council and CCG Governing Body members, who undertake shared decision making. As a result of the recent changes the agreement is now novated as a matter of law and the budget is held with the GM Integrated Care System.

In March 2022 the Council signed a Joint Venture with an external entity for the purchase and development of the Millgate Estate including the Shopping Centre for the purpose of regenerating the Town Centre site. The funds to purchase the Estate are being provided by the Council. To finance this a PWLB loan has been drawn down. This was drawn down 28th March 2022 and was held as cash at the year end. Subsequently in the 2022-23 financial year, the funds were used through the Joint Venture to purchase the Estate. A Board has been establish and the Chief Executive, The Leader and Director of Place sit on the Board. Strategic financial and legal support is provided by the s 151 officer and the Monitoring Officer.

Negotiations are also ongoing with MUSE around a potential Joint Venture for developments in Prestwich.

In addition to this the Council has group relationships with:

Bury MBC Townside Fields Limited
This is a wholly owned subsidiary and was set up to develop Townside Fields including: Q Park, 3KP, Townside Fields, Premiere Inn.

Townside Fields Management Company
This is a company in which Bury MBC owns a third of the shareholding.- to be reviewed

Six Town Housing
An Arm's Length Management Organisation to provide housing provision across the borough. The Council signed a ten year management agreement with Six Town Housing in 2020/21; during 2020 the Council significantly strengthened performance management arrangements and reporting with STH including agreement of a set of Key Performance Indicators and establishment of a Partnership Board chaired by the Cabinet Member for Housing and underpinning Growth and Performance Committees.

Persona
A Local Authority Trading Company established to provide a range adult social care services

It is a requirement of the Code of Practice on Local Authority Accounting that 'Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities'.

Arrangements are in place for the Council and the group companies to work together in setting priorities and overseeing and reporting on performance. The internal audit service also carry out audits of these organisations as part of the requirement to fulfil statutory S151 duties.

There is an opportunity to raise any concerns during the year through Executive meetings between the Chief Executives of the Council and the ALMO (Six town Housing) and through the CCG Audit Committee of which the Joint Chief Finance Officer is a member. This has been taken into account and incorporated in the Statement of Accounts and the 'issues for consideration' in the Annual Governance Statement.

Review of Effectiveness

The Authority annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment; and comments made by the External Auditors and other review agencies and inspectorates.

Internal Audit

An internal audit programme is undertaken, as a consequence of the pandemic, reprioritising of staff, services and resources the 2021/22 plan was a risk based plan and focused on areas that had an in year risk. Where specific matters were brought to the attention of Internal Audit in year these have been investigated in accordance with the Policies of the Council.

The 2021/22 annual internal report was presented to the Audit Committee in July 2022. The report provided an overall moderate audit opinion, with 18% of audits completed providing a substantial level of assurance and 44% receiving a moderate level of assurance. However, there were a number of reports which received a limited level of assurance due to the number of recommendations within the report or there being fundamental recommendations in the report. A number of follow up audits have also been undertaken and the majority of recommendations had been actioned. There is a need to ensure that controls and governance frameworks are properly embedded in all services.

Children's Services

Bury Children's Services received an inspection from Ofsted under the Inspection of Local Authority Children's Services (ILACS) framework from 25th October to 5th November 2021. Arising from the inspection the Secretary of State for Children and Families has issued a draft improvement notice. The improvement notice requires the Council, working with its partner agencies, to:

a) produce an improvement plan to address the areas identified in the Ofsted report and any recommendations made by the advisor;
b) maintain an improvement board with an independent chair who will oversee implementation of the plan and report to the board on progress to a timetable agreed by the Department; and
c) aim for actions included in the plan to be delivered by the end of December 2022 or sooner if appropriate.

The improvement notice will last a minimum 12 months with formal reviews at least every six months and more regularly if appropriate.

The Council's response is organised into three phases:

a) immediate action following the LGA Peer Review of July 2021 and then responding to the Ofsted findings;
b) a detailed one year action plan; and
c) a three-year strategic improvement plan

Since the inspection report was received work has progressed at pace on developing a framework for the Improvement Plan which will be submitted to the Department for Education by the end of March. Also in accordance with the improvement notice, the DfE had now appointed a case officer and an independent advisor to support the Council and report to the Secretary of State on progress. Linda Clegg has been appointed to this role and as Independent Chair of the Improvement Board. She also led the Peer Challenge last year and so this appointment established consistency and continuity. It was noted that fortnightly meetings have been established between the DfE case officer and the Executive Director of Children's Services to monitor progress and to agree and establish additional support to the department via sector-led improvement partners.

The Improvement Board first met on 25 January 2022 and approved its Terms of Reference and membership. It also received a report setting out the work progressing the improvement plan. This was organised around 3 key themes: leadership and management, quality and impact of practice on the outcomes for children, and workforce. It was noted that a workforce board has been established to provide input from staff to the Improvement Board.

The improvement Board tracks the progress against the improvement plan. Early actions included the reset the Multi Agency Safeguarding Hub following Covid, a new approach to quality assurance enabling a more qualitative approach, and a new audit framework to provide more space and time for learning, and crucially a comprehensive review of staffing with the aim of one manager to six social workers and an average caseload of 15 cases per social worker. To that end, recruitment and retention procedures have been revised and additional staff have begun to be recruited.

The Children and Young People's Scrutiny Committee on 20 January 2022 considered the Ofsted report and the report on the Council's response, further meetings took place in March to discuss the draft improvement plan. The plan was submitted to Ofsted by 31 March, and feedback then brought to the Improvement Board. The first monitoring visit from Ofsted is expected in the summer; this first report will not be published but all subsequent reports will be. Significant progress has been made in stabilising the Leadership across the service. The improvement plan can be viewed here.

Financial Position and Outlook

Financial resilience is critical, work has commenced with the Executives and the elected members to start to look at how the financial gap in 2023/24 will be closed particularly when facing the recovery from the COVID-19 pandemic, rising inflation, the potential of a recession, uncertainty around adult social care reform and the fair cost of care implementation and the ongoing improvement journey for childrens services.

The delivery of savings and transformation remains crucial. As a result of this financial discipline will need to be strongly enforced within the organisation throughout 2022/23.

To strengthen financial governance, work to ensure budgets were realistic, remain challenging but deliverable was a key focus of the 2021/22 budget setting process. It will take a number of years for some services and investments to recover from the pandemic, which has a financial impact on the Councils reserves and demand for services. In preparing the 2023/24 budget a full review of the Councils reserves will be undertaken.

Final Accounts

The final accounts, of which this Statement is an integral part, outline the out-turn of the Authority and are prepared in accordance with professional standards and are subject to external audit review.

In recognising the issues that were experienced as part of the 2020/21 external audit of the accounts a full lessons learnt review was undertaken and a detailed work programme for the close down of the 2021/22 accounts produced. This was discussed at the February audit committee and has been shared with our external auditors as part of the closedown planning. The work to produce the 2021/22 accounts has been more fully distributed and has also been supplemented by the engagement of an interim chief accountant role. This is a role that is proposed within the new finance structure but could not be recruited to permanently ahead of the conclusion and outcome of the full staff consultation.

External valuers were again used in 2021/22 to support the in house team and ensure that valuations were carried out in accordance with the agreed requirements. Reconciliations between the Council's property system and the financial system have been undertaken, and finance staff knowledge of the systems increased.

Governance

To the best of our knowledge, the governance arrangements, as outlined above remain fit for purpose and have been effectively operating during the year in accordance with the governance framework. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Bury Council:

Leader of the Council	**Chief Executive**

Progress in addressing the Council's governance challenges

Issues	Update on Action Plan for 2021/22	Lead Officer
Constitution The Constitution has now been refreshed. The revised constitution is available on the council web site. This has been a significant achievement. The Monitoring Officer will now review and with the Executive Director of Finance review schemes of delegation and financial regulations.	Revision of schemes of delegation. Report of the Monitoring Officer to Council in November 2021 to consider any minor updates as part of an annualised review of the constitution .	**Monitoring Officer**
Financial Strategy The Medium Term Financial Strategy (MTFS) was updated in February 2021 and will be updated again in the autumn to take account of changes of assumptions and a greater understanding of the impact of COVID-19 COVID-19 has placed even greater financial pressure on local authorities. The volatility and significant financial, fiscal and economic risk makes forecasting and planning difficult.	Regular monthly monitoring is provided to Exec Team and quarterly monitoring to Cabinet. Report on slippage on savings is reported. . Framework for developing the budget for 2022/23 was agreed and actioned over Summer 2021 for consideration by Cabinet. A further detailed refresh of the MTFS has commenced for 2023/24 and beyond, which also includes a review of all reserves and the HRA	**Executive Director of Finance**

The lack of funding announcements for future years and the delay in the CSR provides an additional layer of risk and longer term planning more uncertain. Financial resilience and sustainability is a significant risk for the future.		
Risk Management Framework The risk management approach across the council is inconsistent and the approach to risk assessment and scoring does not align to best practice. The potential of not identifying all major risks is possible.	**Underway**. Risk framework reviewed and corporate and departmental risk registers all updated. Accountability for risk management transferred to the finance department as part of this process; As part of the consultation for the finance restructure the proposals included the bringing together of the fraud, audit, insurance and risk teams under one head of service to strengthen the service and also in recognition that all for services are closely inter related	**Executive Director of Finance**

Internal Audit Provision A review of the internal audit service has identified some weaknesses in service provision, and the approach adopted for internal audit across the council. An independent review identified a number of recommendations to improve the overall approach and quality of the service. If action is not taken to address these, there is a risk that the Council does not have an effective internal audit provision and overall governance and measures of assurance are ineffective. This will weaken the internal governance arrangements for the Council.	**Ongoing** As part of the consultation for the finance restructure the proposals included the bringing together of the fraud, audit, insurance and risk teams under one head of service to strengthen the service and also in recognition that all for services are closely interrelated.	**Executive Director of Finance**
Capital The capital financial framework and accounting process requires a refresh in order to ensure that capital accounting records and standards are maintained and are effective. A review of capital processes is also needed to avoid slippage and to ensure that schemes are delivered on time.	Refresh and update the capital strategy. Train and upskill staff to ensure specialist capital knowledge of a high standard is available within the Council. **Ongoing** Capital strategy updated as part of February budget setting and will be reviewed and refreshed in autumn to take account of Cabinet decisions around disposals and further capital schemes. Work still ongoing to support staff capability and capacity.	**Executive Director of Finance**

Fraud The opportunity for fraud during the COVID-19 crisis increased. Fraudulent claims of business grants and potentially other benefits is likely to have occurred.	Engagement in wider national fraud initiatives focused on these issues. Reviewed cases that were been identified as unusual and required investigation. **Ongoing** The last few NFI matches are still being worked through.	**Executive Director of Finance**
Leadership and workforce development The absence of a corporate leadership development does not allow assurance that leaders have the skills and mind-set to drive forward corporate priorities. The workforce skills/ "behaviour" framework will require review as part of the new Corporate Plan, when developed, to ensure alignment with key skills base and delivery outcomes.	**Underway**. Leadership engagement strengthened through establishment of Strategic Leaders' and Senior Managers' forums which meet regularly with a structured forward plan in place with the aim of strengthening leadership engagement and shared accountability for corporate delivery. Alignment of key internal communications and processes, such as broadcast communications and awards with the LET's principles. Commissioning specialist work to co-design and embed a Council wide values and behaviors framework glowing from the LET'S principles Commissioning a management basics development programme for all people managers. Appointment of a time-limited specialist lead for Organisational Development linked to the transformation improvements.	**Deputy Chief Executive**

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	25th July 2022
Title of report:	Risk Register
Report by:	Sam Evans Executive Director of Finance
Decision Type:	Non Key
Ward(s) to which report relates	**All**

Executive Summary:

Risk Management is a key part of Bury Metropolitan Borough Council's Code of Corporate Governance and underpins its system of internal control.

The Audit Committee are tasked with the responsibility of reviewing and scrutinizing risks where the impact has the potential to disrupt achievement of the Council's priorities. This is achieved by regular review and their seeking assurance that appropriate controls are implemented to manage these risks.

In addition, this report seeks formal approval from the Audit Committee on the closure of risks from the Council's Corporate Risk Register, namely:

- CR8 Elections
- CR18 PSN Accreditation

This report provides an updated position with regards to the risks identified and assessed on the Council's Corporate Risk Register. These risks have been considered by the Executive Team as those with the potential to disrupt the Council's strategic objectives and service delivery.

Following review by the Executive Team, the Audit Committee are additionally requested to incorporate risk reference **CR10 EU Exit Impacts** within the potential impacts of risk reference **CR1 Financial Sustainability**.

The Corporate Risk Register was first presented to Audit Committee at the November 2021 meeting. This report provides an update on the work progressed to date and demonstrates that efforts are ongoing to embed a culture of good risk management across the Council.

A total of **22** risks have been identified as those of a genuine corporate nature and are summarised as follows:

- **22** risks are currently present on the Corporate Risk Register
- **16** risks are currently rated as Significant (risk score 15-25)
- **4** risks are currently rated as High (risk score 8-12)
- **2** risks are currently rated as Moderate (risk score 4-6).

Of these **22** risks:
  - **3** have increased in score
  - **6** have decreased in score
  - **9** have remained static
  - **4** have been newly introduced.

A total of **2** risks on the Corporate Register are proposed for closure.

Recommendation(s)

That:

The Audit Committee:

- Note the update provided;
- Approve the closure of the 2 risks described in the report:
- Approve the incorporation of risk CR10 EU Exit Impacts into risk CR1 Financial Sustainability;
- Receive the Corporate Risk Register at Appendix A;
- Review the Risk Matrix presented at Appendix B;
- Review the information presented;
- Determine whether the level of assurance provided against the risks is sufficient; and,
- Select two risks to receive a "Deep Dive" review to be presented at the next meeting of the Audit Committee.

Key Considerations

1. Background

The Corporate Risk Register was first presented to Audit Committee at the November 2021 meeting, following agreement that the Executive Team would produce a mechanism to manage the Council's exposure to strategic risks. This report provides an update on the work progressed to date and demonstrates that efforts are ongoing to embed a culture of good risk management across the Council.

2. Key Considerations

The work progressed in the last quarter reflects progress toward providing the Audit Committee with adequate assurance of dynamic corporate risk management. The Corporate Risk Register represents a collation of risks identified and assessed as significant risks to Bury Council.

The following heat maps reflects the current and target risk profile in respect to those risks on the appended register:

Current

Impact	1	2	3	4	5
5			2	7	2
4	2		3	4	
3					1
2					1
1					
	Likelihood				

Target

Impact	1	2	3	4	5
5	1	5	1		
4	2	5	3		1
3			1	1	
2				1	
1				1	
	Likelihood				

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

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

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

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

(b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

(c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	**Mitigation**
• Failure to identify and own major risks that may prevent the Council from achieving one or more of its objectives. • Failure to ensure that the major risks are being managed.	• Review of risk management arrangements at Corporate level. • Review of the Council's risk management strategy and arrangements for the maintenance of risk registers. • Review the associated information management system and reporting arrangements. • Regular review of a Corporate Risk Register in alignment with the revised risk management strategy.

Consultation:

N/a

Legal Implications:

The Council constitution sets out that the Audit Committee is responsible for providing assurance on the council's audit, governance (including risk management and information governance) and financial processes in accordance with the functions scheme. Under the Account and Audit Regulations 2015, Authorities must undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes. Consideration must be given to the Public Internal Audit Standards (PIAS) and sector specific guidance.

Financial Implications:

Mitigating some of the risks may require financial resources and a number of risks are around organisational and services financial resilience and loss of income following the pandemic.

Report Author and Contact Details:

Sam Evans, Executive Director of Finance
sam.evans5@nhs.net

Background papers:

- Corporate Risk Register at Appendix A;
- Risk Matrix at Appendix B.

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

Term	Meaning
BGI	Business Growth and Infrastructure department
CC	Corporate Core department
CYP	Children and Young People's department
DSPT	Data Security and Protection Toolkit
OCO	One Commissioning Organisation
FIN	Finance department
ICS	Integrated Care System
IGSG	Information Governance Steering Group

Risk Register Update

1. Introduction

1.1. This report provides an updated position in respect to those risks that have been identified and assessed as significant risks to Bury Metropolitan Bury Council, collectively referred to as the Corporate Risk Register.

1.2. The report presents the risk position and status as at **Quarter 1 2022**.

2. Background

2.1. Following revision to the Council's approach to Risk Management, the Executive Team were tasked with developing a risk register that would capture events and circumstances which had the potential to disrupt the Council's ability to meet its strategic and operational objectives.

2.2. These objectives have been identified as the four strategic outcomes of the Bury 2030 Community Strategy, and each risk included has been assigned to one of these outcomes:

- Economic Growth and Inclusion
- Delivering Together
- Strength-based Approach
- Local Neighborhoods.

2.3. The Corporate Risk Register (Appendix A) was first presented to Audit Committee at the November 2021 meeting. This repository captures the Council's key strategic risks agreed by the Executive Team and categorized as warranting regular scrutiny to help the Council minimise future financial risks and adverse implications. Additionally, it details the existing controls that provide some level of assurance and identifies planned actions being undertaken to mitigate these risks.

2.4. Assessment of each risk has been performed in accordance with the Risk Matrix, introduced within the Council's Risk Management Strategy, attached at Appendix B for ease.

3. Corporate Risk Register

3.1 The Corporate Risk Register (Appendix A) captures risks identified as significant to delivery of the Council's key objectives, irrespective of their current scoring.

3.2 There are currently 22 risks on the Corporate Risk Register. All risks have been reviewed by the Risk Owner and assessed to: update the progression of mitigating actions; consider the level of assurance provided by existing controls; and reevaluate both the likelihood and impact, in order to determine whether the risk score should be increased, decreased or remain static.

3.3 There are currently a total of 22 risks on the corporate risk register, of which16 risks (72.7%) are rated as significant:

No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)
22	0	2	4	16

3.4 The table below identifies the number of risks by strategic objective and by risk score.

Department	No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)
Delivering Together	4	0	1	2	1
Economic Growth and Inclusion	11	0	0	0	11
Local Neighborhoods	3	0	0	0	3
Strength based approach	4	0	1	2	1
TOTAL	**22**	**0**	**2**	**4**	**16**

3.5 The following table presents the risks as split across Council directorates:

Department	No. Risks	Low (1-3)	Moderate (4-6)	High (8-12)	Significant (15-25)	Risks Not Scored
BGI	**2**	0	0	0	2	0
CC	**8**	0	2	2	4	0
CYP	**4**	0	0	0	4	0
Finance	**3**	0	0	0	3	0
OCO	**2**	0	0	2	0	0
OPS	**3**	0	0	0	3	0
TOTAL	**22**	**0**	**2**	**4**	**16**	**0**

3.6 In exercising their duty to scrutinize risks those risks presented, the Audit Committee are requested to consider the points below in relation to the information detailed for each risk:

- Does the Key Potential Impact accurately describe the real risk to the Council?
- Are the risk scores (Current and Target) reflective of the current position?
- Are the Current Controls still operating effectively?
- Do the Current Controls articulate how they contribute to managing

the risk?
- Have or will the Planned Actions achieve or go towards mitigating the risk further?
- Horizon scanning – Is the Committee aware of any significant changes that could affect the risk in the future?

4 Trend Analysis

4.1 This section of the report reflects the current position of each risk following review by the Risk Owner:

Risks that have increased in score

4.2 During this reporting period **3** risks have increased in score:
- **CR5 Increasing demand pressures**
- **CR9 Workforce Skills and Capability**
- **CR16 Special Educational Needs and Disabilities**

Risks that have decreased in score

4.3 During this reporting period **6** risks have decreased in score:
- **CR3 Security & Resilience**
- **CR4 Digital Transformation**
- **CR7 ICS Implementation**
- **CR8 Elections**
- **CR13 Regulatory Compliance**
- **CR18 PSN Accreditation**

Risks that have remained static

4.4 During this reporting period **9** risks have remained static:
- **CR1 Financial Sustainability**
- **CR2 COVID-19 Impact**
- **CR6 Climate Change**
- **CR10 EU Exit Impacts**
- **CR11 Asset Management (Operational Health and Safety)**
- **CR12 Childrens Social Care Services**
- **CR14 Staff Safety and Wellbeing**
- **CR15 Regeneration and Development**
- **CR17 Pharmaceutical Needs Assessment**

Risks that have not been reviewed

4.5 During this reporting period **0** risks have not been reviewed by their assigned Risk Owners:

Risks that have reached their target level

4.6 During this reporting period **3** risks have reached their target level.

- **CR8 Elections** *(proposed for closure)*
- **CR13 Regulatory Compliance** *(proposed to remain for oversight)*
- **CR18 PSN Accreditation** *(proposed for closure)*

New risks

4.7 During this reporting period **4** new risks have been added to the Corporate Risk Register:

- **CR19 Financial Capacity**
- **CR20 Increasing Energy Prices**
- **CR21 Project Safety Valve**
- **CR22 Special School Roof**

Risks proposed to be redefined

4.8 Following review by the Executive Team, the risk **CR10 EU Exit Impacts** is proposed to be included within the potential impacts of risk reference **CR1 Financial Sustainability**.

4.9 The Audit Committee are requested to approve the redefinition of this risk.

4.10 Planned actions to address the risks

Mitigating actions have been identified and are on track to deliver against all of the risks not currently at target level.

4.11 Heat Maps

The following heat maps reflects the current and target risk profile in respect to those risks on the corporate risk register:

Current

Impact	Likelihood 1	2	3	4	5
5			2	7	2
4	2		3	4	
3					1
2					1
1					

Target

Impact	Likelihood 1	2	3	4	5
5	1	5	1		
4	2	5	3		1
3			1	1	
2				1	
1				1	

5 Risks Presented for Closure

5.1 Since the last meeting of the Audit Committee, a 2021/22 Year End review has taken place of risks included on the Corporate Risk Register. The following risks have been identified as recommended for closure:

- **CR8 Elections**

5.2 The third assessment saw this risk reduce from a level 9 to its target level of 4

5.3 The likelihood of 3 (possible) has been reduced to 1 (rare) as a result of successful delivery of the 2022 elections due to the implementation of a robust plan including a review of polling stations, improved links with other Greater Manchester authorities and Lessons Learned carried through from the previous 2021 elections.

5.4 The risk has therefore been recommended for closure by the risk owner and the proposal supported by the Executive Team.

- **CR18 PSN Accreditation**

5.5 The second review of this risk saw the score reduce from a level 20 to its target level of 4.

5.6 The likelihood of 5 (almost certain) has been reduced to 1 (rare) as a result of the removal of all 2008 severs and additional cyber security work being undertaken to further reduce risk, thus the Council successfully attained the PSN accreditation.

5.7 The risk has therefore been recommended for closure by the risk owner and the proposal supported by the Executive Team.

5.8 <u>Heat Maps</u>

The heat maps below illustrates the closing 2021/22 Corporate Risk Register position, in comparison to the opening 2022/23 Register:

2021/2022 (18 Risks)

Impact	Likelihood 1	2	3	4	5
5			4	5	1
4		1	1	3	1
3					1
2					1
1					

2022/23 (22 Risks)

Impact	Likelihood 1	2	3	4	5
5			2	7	2
4	2		3	4	
3					1
2					1
1					

6 Deep Dives

6.1 The purpose of the Deep Dive Report is to promote discussion and closer scrutiny of specific risks selected by the Audit Committee, to ensure appropriate controls are implemented and rationale adequately explained.

6.2 In this regard, the Audit Committee are requested to select 2 risks from the open risks captured on the Corporate Risk Register, for Deep Dive analysis at their subsequent meeting.

7 Recommendations

7.1 The Audit Committee is asked to:

- Note the update provided;
- Approve the closure of the 2 risks described in the report:
- Approve the incorporation of risk CR10 EU Exit Impacts into risk CR1 Financial Sustainability;
- Receive the Corporate Risk Register at Appendix A;
- Review the Risk Matrix presented at Appendix B;
- Review the information presented;
- Determine whether the level of assurance provided against the risks is sufficient; and,
- Select two risks to receive a “Deep Dive” review to be presented at the next meeting of the Audit Committee.

This page is intentionally left blank

Bury COUNCIL

Corporate Risk Register 2022/23

Risk Ref.	Risk Title	Strategic Outcome	Current Score			Target Score			Risk Owner	Key Potential Impacts	Current Controls	Planned Actions	Responsible Officer	Risk Action Status	Trend	Next Risk Review Date
			Likelihood	Impact	Total Score = L*I	Likelihood	Impact	Total Score = L*I								
CR1	**Financial Sustainability**	Economic Growth and Inclusion	4	4	16	3	3	9	S. Evans	• Significant deficit increase in Dedicated Schools Grant (DSG) potentially resulting in Department of Education warning and intervention and budget restrictions. • Public sector spending cuts/ rising inflation impacting ability to continue to deliver effective services. • Winter demands increasing pressure on ASC budgets. • Brexit related pressures such as loss of EU funding, disruption to supply chains and increased inflation.	• Medium Term Financial Strategy updated; monthly monitoring and DfE 'Safety Valve' deficit recovery agreement in place; escalation to Executive Team and Members. • Reserve Strategy and Financial Management and reporting refresh. • Budget Strategy Principles, regular monitoring of budget risk register. • DfE Recovery Plan agreed; DFE engagement; Transformation plan priorities agreed with key stakeholders; review of expenditure and rebaselining undertaken; Additional capital funding secured for in-borough provision. • Continuous refinement of MTFS and budget setting including early work with Exec team and members to identify potential savings to close the financial gap; rationalisation of admin buildings as part of transformation programme to reduce utilities expenditure.	• Rebaseline of capital programme and closer working with directorates to identify potential pressures earlier in order to put mitigating actions into place. • Piloting the use of grant finder software to ensure all potential grants to the borough are accessed where appropriate. • Use of Kickstart, apprentices and training of existing workforce to ensure a workforce which meets both current and future needs.	S. Evans	On target	Static	Oct-22
CR2	**COVID-19 Impact**	Strength-based Approach	4	4	16	4	3	12	P. Lakin	• New variants further impacting social mobility, lower earning income households and impeding economic recovery. • Reduced revenue income to the Council due to COVID-19 – impacting on programme of rent reviews and lease renewals, and effects on businesses that lease our commercial portfolio.	• Local Outbreak Plan and partnership working with CCG, AGMA; experience and planning for first outbreak and lockdown generating 'lessons learned' evaluation. Regular liaison with PHE; Vaccination Programme; Social Distancing including face covering guidance. Business Continuity Planning/Review/Update. Weekly Health Protection Board and fortnightly Gold meetings providing further assurance. • Current outsourcing of some rent reviews and lease renewals. • Tenants have received rent free periods/grants where eligible for assistance from the Council but this was a one-off agreement by Cabinet during Covid. • Quarterly Debtors meeting in place to review agreed payment plans and implement new payments plans appropriately.	• Review current mitigating controls in context of Government's "Living with COVID-19" plan. • Follow UKHSA guidance and keep under regular review. • Regular and prompt communication with staff and residents. • Targeted comms and engagement to reduce inequalities in vaccine uptake. • Maintain residual capacity to stand back-up in response to potential new, more dangerous variants. • Continued outsourcing of some rent reviews and lease renewals. • Review of capacity and outsourcing arrangements. • Ongoing monitoring of income budgets with Finance. • Consideration to be given to allowing some business rent free periods in alignment with P26a Insolvency and Coronavirus Act 2000. • Awaiting outcomes of Government review into grants and rates relief previously provided to businesses, to identify potential fraudulent claims.	L. Jones R. Firth	On target	Static	Oct-22
CR3	**Security & Resilience**	Delivering Together	4	5	20	2	5	10	K. Waterhouse	• Ongoing national threat from terrorism resulting in potential resurgence of terrorist activity and radicalisation of vulnerable members of community. • Crisis in Ukraine following the Russian invasion is also leading to increased risk of cyber attack and community tensions. • External threat to data and systems potentially impacting system functionality/causing a data breach. • General threat to safety and security of Councillors.	• Emergency response policies, Prevent initiative, GM Resilience Forum and Tension Monitoring Report. • Training and updated Cyber Essentials Toolkit in place; PCN accreditation renewed annually. • Government guidance shared with parties currently exposed to such attacks. Local Government Assessment Toolkit implemented. • PSN accreditation of the Council. • New Target Operating Model commissioned for the Council security function within the IT Team - approved June 2022. • Support from LGA and DLUHC now approved to develop Cyber Treatment Plan and undertake remediation activities. • Newly appointed Councillors received security awareness training during induction process, following May Elections.	• Continued early intervention work and community engagement through the Community Safety Partnership. • Further training and investment in cyber security to be progressed against IG Action Plan timeframes. • Cyber Essentials accreditation for the Council to be achieved. • Newly commissioned TOM to be fully configured. • No further actions - situation to remain under review.	K. Waterhouse J. Dennis	On target	Decreased	Oct-22
CR4	**Digital Transformation**	Delivering Together	3	4	12	2	4	8	K. Waterhouse	• Inability to achieve ambition for new ways of working, improved customer and staff experience through delivery of the Digital Strategy.	• Placement of Digital Strategy in Transformation programme to ensure visibility and deliverability; additional resource approved within the Transformation Strategy. • Sign-off for digital spend on Customer Experience Programme, Data Platform and additional management capacity agreed at Cabinet in December 2021. • Additional budget for IT service agreed for 2022/23 agreed at February Full Council.	• Review of resources across Council and CCG IT/Digital functions had resulted in the imminent engagement of specialist company to undertake a full assessment of current structure and required functions. This will be delivered within Q2/Q3.	K. Waterhouse	On target	Decreased	Oct-22

CR5	**Increasing demand pressures**	Economic Growth and Inclusion	4	5	20	2	4	8	G. Little	• Failure to meet Homelessness Statutory Function & Delivery. • Further impact of Cost of Living Crisis, Afghan and Ukrainian refugee crisis additionally increasing pressure on these services. • Failure to transform services likely result in the Council failing to meet its statutory obligations. Adults and children's care facing a significant increase in demand for services.	• New Homelessness Strategy, increased statutory dispersed accommodation, development of private rented sector and landlord engagement. • Maximise funding opportunities to increase resources & capacity. • Robust processes and operating procedures in place. • Direct Let priority. • System & IT solutions. • Successful implementation of the team/service re-structure with realignment of services and savings of £250k to focus on statutory and non-statutory provision. • Increase in statutory dispersed accommodation. • New homelessness strategy. • Development of Private Rented Sector & Landlord engagement. • Performance and Improvement meetings with STH established to manage KPIs and monitor their performance and outcomes. • Successful RSi5 bid – circa £500k+ over the next 3 years, current consultation with DLUHC on the Homeless prevention grant with anticipated increases in annual grant. Over the past 18 months managed to secure circa £1.5m extra external ring fenced homeless funding • Regular transformation programme review meetings, scrutiny of the Executive Committee and appropriate reporting to cabinet. • Fee setting exercise and cost of care comparisons carried out annually. Close working and relationship building with all providers of care to ensure early warning are in place. • Real living wage agreed and funded through contracts for all social care packages.	• Developing new tenancy sustainment strategy to prevent homelessness and reduce cases / demand – awaiting STH to develop their sustainment strategy with the Council to input. • To consider options to increase capacity within existing budgets in response to increasing homelessness, asylum seeking and immigration. • External funding opportunities to be maximised. • Developing new tenancy sustainment strategy to prevent homelessness and reduce cases / demand. • Wider work with Improving adult lives and the neighbourhoods team linked to PSR and Lets Do It! Strategy outcomes to produce the wider Council strategy in sustaining all tenancies and accommodation. • Fair Cost of Care Exercise to be completed and Market Management Plan to be developed in line with government requirements Q3 22/23.	P. Cole A. Crook	On target	Increased	Oct-22
CR6	**Climate Change**	Local Neighbourhoods	4	4	16	3	4	12	D. Ball	•Inability to meet Bury 2038 Carbon Neutral target due to lack of resources and engagement.	• Greenhouse Gas Emissions Report for 2020/21 produced and shows the Council has reduced greenhouse gas emissions by 53% since 2008/09. • Climate Strategy and Action Plan approved and published in October 2021 following public consultation. • Climate Strategic Board established and will form part of the Team Bury Structure. • £100k of community action funding distributed to 12 community groups. • Successful bid from Six Town Housing and the Council to decarbonise 100 properties on the Chesham Estate in Bury. • 42% of council vehicles now replaced with low emission vehicles and the remaining 58% are on order (includes 13 electric vans). Infrastructure for charging electric vans installed at Bradley Fold and Bury Cemetery. • Climate Strategy and Action Plan approved by Cabinet in October 2021. Climate Action Board and forums under establishment. • Public sector Decarbonisation Funding awarded to Bury and used to decarbonise a number of council buildings - completed June 2022. • Business climate event hosted. • Schools climate event took place 7 July 2022.	• Greenhouse gas emissions report for 2021/22 to be produced in Q2 of 2022. • Continued partnership work across GM. • Climate Strategic Board will continue to meet Quarterly. • Continued delivery o Social Housing Decarbonisation bid. • Climate action communications plan to be finalised and rolled out. • Long term resources need to be secured to deliver Climate Change agenda - officers are temporary to end of March 2023. • Carbon literacy training to be rolled out across the council. • Community Environmental Forums to be rolled out in each neighbourhood (2 currently in place). • Asset rationalisation programme underway to look at which Council buildings will be disposed of and which will be kept going forward. Decarbonisation measure can then be explored for the buildings the Council will keep.	L. Swann	On target	Static	Oct-22
CR7	**ICS Implementation**	Strength-based Approach	3	4	12	2	4	8	W. Blandamer	• Disruption to the health and care system caused by the Integrated Care System (ICS) and winter pressures leading to demands on the Adult Social Care budget.	• Working with colleagues across the GM system to ensure the GM ICS operating model creates the conditions for our continued placed based transformation, and NCA footprint partners to continue to advocate for the place based approach; building and starting to operate the new Bury Health and Care System Partnership arrangements (including the Locality Board) to provide confidence and assurance of our arrangements. • Locality arrangements worked through Locality Board following satisfactory closedown of CCG. • Issues and risks escalated to Integration Delivery Collaborative Board and to Locality Board.	• Continue to work with GM partners as GM operating model develops. • Transformation plans continue to be monitored monthly through IDC Board. • Transformation Board and Adult Social Care Savings and Transformation Programme also reported to Cabinet. • Bespoke communication approach to address this agenda; continued work with GM partners.	W. Blandamer	On target	Decreased	Oct-22
CR8	**Elections**	Delivering Together	1	4	4	1	4	4	J. Dennis	• Potential legal challenge and reputational damage if the Council is unable to effectively deliver the May 2022 Elections. • Personal liabilities to the Returning Officer.	• Election planning on track. • Review of polling stations and regular reports submitted to member Group. • Oversight by the Director of Law and Governance. • Legislative changes reviewed regularly to assess impact on Bury. • Robust planning - better links with other GM authorities. • Early engagement with candidates and agents. • National (Government and Electoral Commission), regional (AGMA and GM Elections Managers) and local guidance. • Elections Project Board in place with agreed delivery plan. • Lessons Learned (from previous election) action plan delivered in collaboration with the Returning Officer, DRO's and Election Manager. • Approved printers as part of AGMA consortium. • 2022 Elections successfully delivered.	• No further actions required.	Jacqui Dennis / Rachel Everitt	Complete	Decreased	-

CR9	**Workforce Skills & Capability**	Economic Growth and Inclusion	5	5	25	3	4	12	L. Ridsdale	• Adverse impact on delivery of Council priorities should the workforce capability and capacity prove insufficient, as the result of a lack of investment in employee development and / or an inability to fill key roles	• Prioritisation through the Corporate Plan resulting in investment in additional capacity in key areas and development of Apprenticeship strategy; policies review; improved utilisation of iTrent programme. • Agreed TU Consultation Framework. • iTrent programme with refreshed structure and leadership. • Clear delivery plan in place. • Good existing relationship between the Council and Trade Unions. • Regular employee communications. • Additional Transformation capacity in place.	• Continued focus on prioritisation; training and development to be considered in new People Strategy; further investment through Transformation Programme and development of a Talent Strategy. • Resource planning for key new priorities e.g. LUF and Children's Improvement. • Review existing processes for consultation and agreement. • Refresh and update core policies and procedures. • Values and behaviours work and wider focus on engagement linked to Pulse Survey • New core management development programme developed and leadership engagement offer. • Developing action plan to streamline recruitment process and strengthen approach to role advertisement	S. McVaigh	On target	Increased	Oct-22
CR10	**EU Exit Impacts**	Economic Growth and Inclusion	5	3	15	4	2	8	S. Evans	• Inflation: increased inflationary pressures as a consequence of Brexit and recovery from the pandemic. • Disruption to supply chains. • Loss of EU funding may, if not replaced by Government, pose a risk to economic and social programmes of the Council. • National immigrations policies restricting free movement of people could lead to further skills gaps in the workforce.	• Early work with Exec team and members to identify potential savings to close the financial gap; rationalisation of admin buildings as part of transformation programme to reduce utilities expenditure. • Complete review of all budgets with a view to a zero based budgeting approach. • Continuous refinement of MTFS and budget setting as more information becomes available; engagement with and identification of efficiencies with all departments.	• Piloting the use of grant finder software to ensure all potential grants to the borough are accessed where appropriate. • Use of Kickstart, apprentices and training of existing workforce to ensure a workforce which meets both current and future needs.	S. Evans	On target	Static	Oct-22
CR11	**Asset Management (Operational Health and Safety)**	Local Neighbourhoods	4	5	20	3	5	15	D. Ball	• Breach of Health and Safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations. • Council buildings, facilities and premises must provide safe and effective environments for all building occupants that use them.	• Head of Corporate Landlord in post. • Corporate Health and Safety independent audit undertaken with formal report, findings and recommendations. • Establishment of Estates Transformation Board. • Establishment of a "Health and Safety Taskforce" with Union representation, to oversee delivery against internal audit recommendations implemented through an improvement plan. • Development of a Corporate Landlord underway including; establishment of Corporate Landlord budget; recruitment of interim Decant Project Manager and support from external partner to undertake condition surveys. • Work underway to look at the future needs of education and Six Town Housing.	• Agree long list of buildings to be reviewed. • Establish a sub group of the Estate Transformation Board to oversee and support the external review to rationalise the estate. • Agree the future capital needs of Education • Agree a future delivery model with Six Town Housing. • Align the design of the Corporate Landlord to the Corporate Security Review. • Performance reports to be produced to report on health and safety; incidents and accidents; and resultant improvement actions. • Accelerated disposals programme to be initiated under the Estates Transformation Project, arising from the external review.	D. Ball	On target	Static	Oct-22
CR12	**Children's Social Care Services**	Economic Growth and Inclusion	4	5	20	2	5	10	J. Richards	•Children left in harmful situations and risk. •Following the inadequate ILACs judgement in October 2021 the improvement plan fails to deliver the pace of change needed which is reflected in poor monitoring visits from Ofsted and leaves the service and Council at risk to a greater level of intervention from the DFE. •High caseloads continue to lead to social worker high turnover which then impacts on children, families and partners. •Following the inadequate judgement recruitment has become more challenging leading to high staff turnover from senior leaders through to frontline staff, making it difficult to do what is most important - turning around services for children, young people and families in need.	•Post Ofsted Improvement Plan which has been accepted by Ofsted and the DFE. •Independently Chaired Improvement Board with key partners to monitor impact of the improvement Plan •Regular DFE reviews •Regular Ofsted Monitoring visits – the first has shown signs of progress in terms of laying the foundations •Recruitment and Retention plan following full review aimed at attracting committed professionals to Bury. •Permanent appointment of Exec Director •Interim appointment to Director of Social Care practice in place until permanent post holder commences in September 2022 •Revised QA and audit processes in place •Developed workforce development offer •3 Managed Services in place whilst restructure proposals are being considered to impact on reducing social worker caseloads across the service •Principal Social Worker appointed to commence in August 2022	•Continue with a rolling recruitment programme to maintain the focus on recruitment and retention and ensuring increased stability in the workforce. •Continue to develop and strengthen QA processes to ensure audits lead to improved practice. •Restructure Proposals to be reviewed by Cabinet 13/07/22; this will either result in revised proposals being submitted or the ability to move at pace with consultation and restructure •Develop priority actions in response to the findings from the first Ofsted Monitoring Visit •Work plan to be developed for the Principal Social Worker to lead on improvements to the Quality of Practice	L Evans	On target	Static	Oct-22
CR13	**Regulatory Compliance**	Delivering Together	3	4	12	3	4	12	J. Dennis	• Failure to meet the requirements of data protection legislation and good information governance practice / serious data breach.	• Significant progress to completion of actions on ICO Workplan. • IG policies and procedures reviewed and approved by IGSG. • Comprehensive IG/Cyber Security training programme implemented. • Data Breach monitoring and processes significantly enhanced. • Network of IG Champions refreshed and re-established. • IG risk management strategy implemented, including required completion of Data Protection Impact Assessments for any project involving the processing of personal data. • Staff induction process and system access implemented. • IG KPIs reviewed. • IG strategy (developed for both Council and Bury CCG) reviewed for DSPT submission. • 2021/22 DSPT submitted and Standards Met maintained. • Internal Audit review completed. • ICO Workplan assessed April 2022 - satisfied outcome with no further actions set.	• Information Security Policy updated - requires finalisation. • Ongoing development of an annual review/refresh process for the Record of Processing Activity.	M. Connor	On target	Decreased	Oct-22

CR14	**Staff Safety and Wellbeing**	Economic Growth and Inclusion	3	5	15	2	4	8	S. McVaigh	• Staff wellbeing, welfare and morale may potentially result in increased cases of stress, depression and general absence, thereby impacting service delivery. • The changing nature of the Council and ongoing departmental restructuring calls for close oversight of potentially arising occupational health concerns. Harm to staff and potential legal and financial implications for the authority.	• Corporate Health & Safety Advisory Team moved under the leadership of the Director of People. • Health & Safety Policy reviewed and new incident reporting process live. Health and Safety staff drop-in sessions • Employee assistance programme and comprehensive health and wellbeing offer in place which incorporates mental wellbeing support. • Launch of new iTrent absence management functionality and reminders • Targeted improvement plan for sickness absence levels, including focus on hotspot services • Programme of pulse surveys and response planning.	• Roll out of mental health and health and safety training as part of mandatory training programme for managers. • Delivery of targeted action plan related to staff sickness absence. • Review of health and safety related training. • Organisational Development work focused on culture and behaviours. • Policy review	S. McVaigh	On target	Static	Oct-22
CR15	**Regeneration & Development**	Local Neighbourhoods	3	5	15	1	5	5	P. Lakin	• Northern Gateway - failure to grasp opportunity presented by the largest regeneration project to impact this part of the country. • Challenges faced in driving inclusive growth within the region, impacted by a slow housing market and accessing up to date planning policies. • Rising construction inflation and interest rate shifts increasing cost of delivering town centre regeneration and housing programmes.	• Detailed working with the JV and Rochdale Council around Northern Gateway has allowed parties to work collectively on a major inward investment project, which has brought national attention to the potential of the site. • Progression of Development Plan through to examination. • Hire staff and experts in the field. • Creation of Projects Board and give delegated powers. • Cost plans for the 'Levelling Up' bids show increased construction inflation, options being worked through for value-engineering and review of overall specification.	• Continue to explore funding opportunities - linked to various regeneration schemes: BGI will keep abreast of up-and-coming funding sources through regular contact with GMCA and other public bodies and will work with colleagues to ensure that opportunities are explored, and subsequent applications made for regeneration/development projects. • The Examination process is running from March 2022 until October 2022 - any resulting consultations will be considered and responded to. • As part of the formation of the Atom Valley Mayoral Development Zone (that includes the Northern Gateway site), a report has been produced for Cabinet July 2022 that (amongst other recommendations) will seek approval for the formation of governance arrangements that will firm up the relationship with Rochdale Council (and Oldham Council) to support delivery of this key strategic site. This will be aided by the establishment of a Board (which will include a representative of the JV) and a Strategic Business Plan.	L. Gudgeon	On target	Static	Oct-22
CR16	**Special Educational Needs and Disabilities**	Economic Growth and Inclusion	4	5	20	2	5	10	I Booler	•current reduction in SEND tribunals is reversed. •Further increase in LGO ombudsman complaints and general complaints •Further loss of parental trust •reduction in compliance in regard to 20 week which has improved •Poor Ofsted CCQ inspection once framework has been revised. impacting further on reputation •Poor SEND reputation means recruitment is challenging leading to high turnover in casework team and reliance on agency leading to a poor parental experience •45% increase in EHCP referrals putting increased pressure on system and Council has difficulties meeting provision within EHCPs and increased pressure on SEND special school place sufficiency	•SEND Assurance Board and plan- with revised Governance •External programme support transformation and delivery plan with two weekly Governance and workstream accountability; Detailed risk register and detailed workstream tracker in place -this has resulted in improved 20week compliance •Recruitment plan including induction and workforce training has led to strategic lead for SEND starting in May 2022 with EHCP team manager due to start in August 2022 •Co-production with strategic partner Bury2Gether. •Increased capacity in EHCP team. Increased investment in data case surgeries and inclusion surgeries now in place. •Graduated response has been co-produced •Local Offer Newsletter was launched in January	• EHCP team leader starting in August 2022; Continue recruitment in co-production with parents • Continue to develop training offer for Statutory assessment team to focus on case resolution. Case surgeries and inclusion service surgeries to continue • Co-produce and pilot work around EHCP processes bringing parents earlier in the process including the advice with EP service advising. • Develop comprehensive outreach offer to support the school system in earlier identification and meeting of needs • Launch event for graduated response across Bury in October 2022 Local Area SEND events to be in diary	M Kemp	On target	Increased	Oct-22
CR17	**Pharmaceutical Needs Assessment**	Strength-based Approach	5	2	10	4	1	4	W. Blandamer	• Failure to meet statutory deadline for publication of the Pharmaceutical Needs Assessment (31 October 2022)	• Establishment of PNA Steering Group. • Health and Wellbeing Board approved revised timescales on 3 March 2021. • Reports to Health and Wellbeing Board.	• Release of the public survey. (February - April 2022) • The draft PNA would need to be approved at the provisionally scheduled Health and Wellbeing Board prior to the formal 60 day consultation. (7 July 2022) • Formal consultation would then take place. (July - August 2022) • Final draft presented to Health and Wellbeing Board for final ratification. (20 October 2022) • Publication of PNA. (31 October 2022)	L. Jones	On target	Static	Oct-22
CR18	**PSN Accreditation**	Strength-based Approach	1	4	4	1	4	4	K. Waterhouse	• Council's status as a secure partner is at risk.	• Additional cyber security work is being undertaken to reduce risk whilst remediation work takes place. This includes an external funded cyber treatment plan and further upgrades to Microsoft E5 licenses for high risk individuals. • All 2008 Servers removed. * PSN accreditation accomplished.	• No further actions required.	S. Denton	Complete	Decreased	-

CR19	**Financial Capacity**	Economic Growth and Inclusion	4	4	16	2	4	8	S. Evans	• Lack of finance capacity leads to budget holders not receiving a quality service that supports them across a range of functions such as :- • to control costs, • manage their budgets, • identify and deliver savings, • identify and maximise opportunities to generate additional income or external funding for projects, • to submit government and funding returns, • be supported in financial business case development for project work.	• Close monitoring and prioritising of all asks for support including reassigning staff to meet high profile/risk pieces of work.	• Use of interims. • Progressing the outcome of the consultation for the restructure in order to start permanent recruitment to posts.	P. Turney	On target	New	Oct-22
CR20	**Increasing Energy Prices**	Economic Growth and Inclusion	5	5	25	5	4	20	D. Ball	* As a result of the global increase in energy prices, Bury Council has seen a significant increase in expected gas and electricity costs for the 2022/23 financial year	* Working group established to manage the increase in energy prices. * Delivery of the following building decarbonisation measures using funding from the Public Sector Decarbonisation Scheme (PSDS): - 6 x solar PV - 2 x double glazing - 1 x new variable refrigerant flow (VRF) heating system.	* Business case to consider options to reduce street lighting costs submitted and awaiting approval. * Building/Estate Rationalisation Programme - reviews currently taking place. * Building Condition surveys commissioned. * Recruit additional resource in the form of an Energy Officer to undertake energy audits and identify energy saving opportunities. * To start a communications campaign to educate Bury residents on methods to reduce energy use. * To implement the newly developed Carbon Literacy Mandatory training module for all staff by end of Q2. * Centralising energy budgets across the Council to be managed by the Energy Team going forward.	L. Swann J. Kelly	On target	New	Oct-22
CR21	**Project Safety Valve**	Economic Growth and Inclusion	4	5	20	2	5	10	I.Booler	• Bury Council does not meet the 5 conditions as set out in the PSV agreement which would result in additional payments being withheld or withdrawn and Reserves would be needed to be used to pay DSG deficit • Increase in levels of need post Covid and 45% in EHCP assessments mean that finance targets in the eradication of the deficit are not met due to the continued lack of SEND sufficiency in Bury and the continued need for OOB places.	• PSV Delivery Board Governance has been strengthened with monthly monitoring in place. • External programme support transformation and delivery plan with two weekly workstream accountability; Detailed risk register and detailed workstream tracker in place -this has resulted in improved 20 week compliance. • Recruitment plan including induction and workforce training. • Co-production with strategic partner Bury2gether. • Increased capacity in EHCP team. Quarterly reporting on all aspects include finance (finance actions for 22/23 on track).	• EHCP Team Manager starting August 2022. Vacant caseworker advertised and in the process of being recruited to. • Work ongoing with Liquid Logic to link finance information with the EHCP team to allow real time finance reporting. • Brokered external independent Headteacher to support further moderation of bandings in special school allocation. • To review capital programme and SEN sufficiency in light of increased demand. • PSV delivery board to receive reports on capacity analysis needed to mainstream programme.	I Booler	On target	New	Oct-22
CR22	**Special School Roof**	Economic Growth and Inclusion	4	5	20	2	5	10	I.Booler	•Roof collapses •Millwood Primary Special School unable to increase places putting further strain on the high needs block due to increased demand in the primary sector. •Council and School are unable to provide the legal obligations under the EHCP e.g. hydrotherapy. •Limitation of the building impacts on quality of the provision and quality of	•Fortnightly steering group meeting within Bury Council with legal, education and operations. •Regular meetings between building companies' regional director, AD operations and Director of Education. •Weekly meetings within school holding builders in account for progress plan. •Engaged independent company to assure all plans and structural solutions. •Monthly roof checks •May 22 - full extensive safety checks on props as they had been in situ for 18 months.	•Independent assurance to check all plans and building as the programme of work progresses through the summer. •To continue steering group meetings, independent engagement of assurance of works and to continue engaging with regional director and school.	I Booler	On target	New	Oct-22

This page is intentionally left blank

Appendix B – Risk Matrix

Quantitative Measure of Risk – Impact / Consequence Score

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
EXAMPLES : NEW POLITICAL ARRANGEMENTS, POLITICAL PERSONALITIES, POLITICAL MAKE-UP					
POLITICAL Associated with the failure to deliver either local or central government policy or meet the local administrations manifest commitment	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : COST OF LIVING, CHANGES IN INTEREST RATES, INFLATION, POVERTY INDICATORS					
ECONOMICAL Affecting the ability to meet financial commitments. These include budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or proposed investment decisions	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : STAFF LEVELS FROM AVAILABLE WORKFORCE, AGEING POPULATION, HEALTH STATISTICS					
SOCIAL Relating to the effects of changes in demographic, residential or social economic trends on council' s ability to meet its objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	**2**	**3**	**4**	**5**
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
TECHNOLOGICAL Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. May also include consequences of internal technological failures on the Council's ability to deliver its objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : HUMAN RIGHTS, TUPE REGULATIONS, DATA PROTECTION					
LEGISLATIVE/LEGAL Associated with current or potential changes in national or European law	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : LAND USE, RECYCLING, POLLUTION, WASTE MANAGEMENT					
ENVIOROMENTAL Relating to the environmental consequences of progressing the council's strategic objectives	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	**2**	**3**	**4**	**5**
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
EXAMPLES : STAFF RESTRUCTURE, CAPACITY, TRAINING, WORKFORCE NEEDS					
PROFESSIONAL / MANAGERIAL Associated with the particular nature of each profession, internal protocols and managerial abilities	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : BUDGET OVERSPENDS, LEVEL OF COUNCIL TAX, LEVEL OF RESERVES					
FINANCIAL Associated with financial planning and control	Small Loss>£100 The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	Loss>£1,000 The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	Loss>£10,000 The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	Loss>£100,000 . The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	Loss>£1,000,000 The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : SECURITY, ACCIDENTS, HEALTH & SAFETY, HAZARDS, FIRE					
PHYSICAL Related to fire, security, accident prevention and health and safety	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

	Impact / Consequence score (severity levels) and examples of descriptors				
	1	**2**	**3**	**4**	**5**
AT RISK	**Very Low**	**Minor**	**Moderate**	**High**	**Severe**
EXAMPLES : CONTRACTOR FAILS TO DELIVER, PARTNERSHIP AGENCIS WITH CONFLICTING GOALS					
PARTNERSHIP/CONTACTUAL Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed costs and specification	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : STANDARDS NOT MET, ACCREDITATION,					
COMPETITIVE Affecting the competitiveness of the service (in terms of cost or quality) and /or its ability to deliver best value	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.
EXAMPLES : MANAGING EXPECTATIONS, COMPLAINTS, CONSULTATION, COMMUNICATION EXTERNALLY					
CUSTOMER/CITIZEN Associated with failure to meet the current and changing needs and expectations of customers and citizens	The risk will result in a minor delay, inconvenience Can be managed no real impact upon service.	The risk will result in a minor loss, delay, inconvenience, interruption. Opportunity to innovate/make minor improvements missed. Short term effect.	The risk will result in a waste of time and resources. Good opportunity to innovate/improve missed. Moderate impact on efficiency, output, quality. Medium term effect which may be costly to recover from.	The risk will have a major impact on the achievement of ambitions/priorities, serious impact on costs, income, performance, reputation, substantial opportunities missed. Medium to long term effect and expensive to recover from	The risk will have a critical impact on the achievement of ambitions and priorities, huge impact on costs, income, performance, reputation, critical opportunities missed. Difficult to recover from and may require a long-term recovery plan/period.

Qualitative measure of risk – Likelihood Score

Descriptor	**1**	**2**	**3**	**4**	**5**
	Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Frequency Time framed descriptors	Not expected to occur for years	Expected to occur annually	Expected to occur monthly	Expected to occur weekly	Expected to occur daily
Frequency Broad descriptors	Will only occur in exceptional circumstances	Unlikely to occur	Reasonable chance of occurring	Likely to occur	More likely to occur than not occur
Probability	1-9% chance	10-24% chance	25-50% chance	51-80% chance	81% or higher

Quantification of the Risk – Risk Rating Matrix

			Likelihood				
			1	**2**	**3**	**4**	**5**
			Rare	**Unlikely**	**Possible**	**Likely**	**Almost certain**
Impact / Consequence	**5**	**Severe**	5	10	15	20	25
	4	**High**	4	8	12	16	20
	3	**Moderate**	3	6	9	12	15
	2	**Minor**	2	4	6	8	10
	1	**Very Low**	1	2	3	4	5

This page is intentionally left blank

Audit Progress Report

Bury Metropolitan Borough Council

Audit Committee July 2022

mazars

1. Audit Progress
2. National publications

01

Section 01:

Audit Progress

Audit progress

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditors. It also includes, at Section 2, a summary of recent national reports and publications for your information..

2020/21 audit

We completed our audit of the financial statements and signed our unqualified audit opinion on 14 January 2022. Our final audit completion letter issued at the conclusion of the audit updated the Audit Committee on the items listed as outstanding in our Audit Completion Report presented to the previous Audit Committee meeting. There were no new matters arising to bring to the Committee's attention.

We completed our work on the Council's value for money arrangements in March 2022. We identified significant weaknesses in the Council's arrangements within Governance and Economy, Efficiency and Effectiveness arrangements. These related to the Ofsted inspection of children's services and internal control deficiencies identified by Internal Audit and the ICO. We included our commentary on the Council's arrangements in our Auditor's Annual Report, which we presented to the March 2022 meeting of the Audit Committee.

Our one remaining responsibility in respect of the 2020/21 financial year is a review of the Council's whole of government accounts (WGA) return. The National Audit Office (NAO) is in the process of drafting group instructions, which determines the testing we are required to undertake on the Council's WGA return. Once the NAO has issued group instructions, we will liaise with Officers to complete any work we are required to do. Following this, we will issue our Audit Certificate to formally close the 2020/21 audit.

2021/22 audit

During March 2022, we completed our initial planning work and early substantive testing for the 2021/22 audit. Following this we presented our Audit Strategy Memorandum to the March Audit Committee meeting, setting out the audit risks we identified in respect of the 2021/22 financial statements. There has been no change to our risk assessment since issuing our Audit Strategy Memorandum.

We are expecting the Council's draft Accounts and Annual Governance Statement at the end of July, in line with the timetable agreed with Officers. Our fieldwork visit will commence on 22 August 2022, and is due to continue until mid October. We plan to report our findings from our audit to the October Audit Committee meeting. However, this is subject to the resolution of a national technical issue in respect of accounting for infrastructure assets. Further information on this issue is included on page 7 of this report.

We plan to complete and report our Value for Money arrangements work within three months of our audit opinion, per National Audit Office (NAO) guidance.

02

Section 02:

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1	CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets	The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets.
2	Updated statement on the deferral of IFRS 16 leases	Following its emergency consultation on proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement.
3	Local Authority Controlled Companies: a good practice guide	A good practice guide due to be published in May 2022; highlighted for potential interest to Committee Members, noting the full guide needs to be purchased.
Department for Levelling Up, Housing and Communities		
4	Creation of the Audit Reporting and Governance Authority	A new regulator, the Audit Reporting and Governance Authority (ARGA), to be established as the system leader for local audit within a new, simplified local audit framework.
National Audit Office (NAO)		
5	Audit and Assurance Committee effectiveness tool	NAO's effectiveness tool provides a way for ARACs to assess their effectiveness
Public Sector Audit Appointments Ltd		
6	Annual Quality Monitoring Report 2019/20	This covers the work of local auditors appointed by PSAA for the 2019/20 financial year. The report provides information from PSAA's quality monitoring arrangements throughout the year, survey results and findings from professional regulation and contractual compliance. The report details how the Financial Reporting Council reviewed four Mazars financial statements audits and all were assessed as meeting the required standard.

NATIONAL PUBLICATIONS
CIPFA

1. CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets – May 2022

The issue of accounting for infrastructure assets is a technical accounting one, and arises principally because of information availability relating to these assets.

Accounting for infrastructure in local government has not historically been considered to be an area of significant audit risk, due to the inalienable nature of the assets and the use of a historical cost basis of accounting. However, concerns have been raised that some authorities are not applying component accounting requirements appropriately. The issue raised is in relation to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken. There are also related issues for the reporting of gross historical cost and accumulated depreciation. Infrastructure assets are one of the few categories of property, plant and equipment assets measured at historical cost rather than at ‘current value’. The valuation process for these assets was deemed to be too costly and, therefore, infrastructure assets are held in local authority balance sheets at depreciated historical cost.

Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. An urgent consultation on these proposals closed on 14 June 2022.

The temporary proposals address the above issue regarding the derecognition of parts of local authority infrastructure assets as they are replaced. CIPFA LASAAC and CIPFA established a Task and Finish Group to find a solution to this issue and consider the outcome of any proposed changes to the code. Following advice from the Task and Finish Group, CIPFA LASAAC has now issued temporary proposals for changes to the code relating to how these issues are reported. They include:

- confirming the accounting consequences of derecognition, e.g. that the effect on the carrying amount is nil (on a presumption that the replaced parts are fully depreciated);
- temporarily adapting the code to remove the reporting requirements for gross historical cost and accumulated depreciation
- providing extra guidance on how depreciation may be applied for infrastructure assets
- CIPFA LASAAC will consult on a longer-term solution later in the year.

https://www.cipfa.org/policy-and-guidance/urgent-task-and-finish-group-local-authority-infrastructure-assets

CIPFA

2. Updated statement on the deferral of IFRS 16 leases – April 2022

Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023. CIPFA LASAAC would note that the 2022/23 Code has not yet completed its due process so local authorities should follow the CIPFA LASAAC pages of the website for further updates. Formal due process for the Code by LASAAC and by CIPFA's Public Financial Management Board is anticipated to be complete by the third week in April.

https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/updated-statement-on-the-deferral-of-ifrs-16-leases

3. CIPFA Local Authority Controlled Companies: a good practice guide, May 2022

In recent years, the potential risk associated with local authority trading companies and joint ventures has increased. Nothing is risk free, but it is important to learn lessons from others and access support.

This guide aims to assist local authorities by setting out and highlighting existing best practice. It focuses on identifying organisational goals, the process to find the right option to achieve that goal and how to structure the organisation for success.

https://www.cipfa.org/policy-and-guidance/publications/l/local-authority-owned-companies-a-good-practice-guide

Department for Levelling Up, Housing and Communities

4. Creation of the Audit Reporting and Governance Authority – May 2022

Plans to ensure councils and local bodies are delivering value for money for taxpayers, strengthening council finances and reducing risk to public funds have been published by the government.

The government consultation response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022. This will be led by Neil Harris, who joins as the FRC's first Director of Local Audit to start up a dedicated local audit unit.

The Department for Levelling Up, Housing and Communities has been acting as interim system leader since July 2021, when it established and took the chair of the Liaison Committee of senior local audit stakeholders.

Work has already begun to address the challenges facing local audit with the government announcing a series of measures to improve local audit delays in December 2021.

The consultation response also announces plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.

The announcement comes as government today set out its wider plans to revamp the UK's corporate reporting and audit regime through a new regulator, greater accountability for big business and by addressing the dominance of the Big Four audit firms.

The government continues to work closely with stakeholders, including local bodies and audit firms, to refine proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review.

https://www.gov.uk/government/news/greater-transparency-and-value-for-money-for-council-finance-system

National Audit Office

5. Audit and Risk Assurance Committee effectiveness tool – May 2022

Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The effectiveness tool is a comprehensive way for ARACs in central government to assess their effectiveness on a regular basis.

https://www.nao.org.uk/report/audit-and-risk-assurance-committee-effectiveness-tool/

Public Sector Audit Appointments Ltd

6. Annual Quality Monitoring Report 2019/20 – April 2022

This covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time for all concerned. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function.

The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

The problems that Sir Tony Redmond reported on continue to impact significantly on the timely completion of local government audits. Only 45% of audit opinions were completed by the publishing date of 30 November 2020, compared with 58% in the previous year. This has now fallen even further with only 9% for 2020/21 audits of financial statement opinions completed (noting the reversion to a 30 September publishing date). Delayed audit opinions have a real public-facing impact, undermining the ability of local bodies to account effectively for their stewardship of public money to taxpayers. It is imperative that the whole system works together to restore timely completion of audits in order to rebuild public confidence and trust, especially as the lack of a statutory deadline for the audit opinion means that co-operation is essential to make the system work as the public has the right to expect it to.

https://www.psaa.co.uk/managing-audit-quality/annual-audit-quality-reports-from-2018-19/annual-reports/audit-quality-monitoring-report-2019-20/

Contact

Mazars

Partner: Karen Murray

Email: karen.murray@mazars.co.uk

Audit Manager: Dawn Watson

Email: dawn.watson@mazars.co.uk

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.

www.mazars.com

Follow us:

LinkedIn:
www.linkedin.com/company/Mazars

Twitter:
www.twitter.com/MazarsGroup

Facebook:
www.facebook.com/MazarsGroup

Instagram:
www.instagram.com/MazarsGroup

WeChat:
ID: Mazars

mazars

Agenda Item 11

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	25th July 2022
Title of report:	Internal Audit Annual Report 2021/22
Report by:	Sam Evans Executive Director of Finance (S151 Officer)
Decision Type:	Council
Ward(s) to which report relates	**All**

Executive Summary:

This report summarises the results of internal audit work during 2021/22 and, as required by the Accounts and Audit Regulations 2015, gives an overall opinion of the Authority's control environment.

The conclusions drawn from the report are:

The impact of COVID19 on public services during 2021/22 continued to have an impact resulting in changes to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery.

Based upon the results of audit work undertaken during the year my opinion is that the Authority's control environment provides moderate assurance that the significant risks facing the Authority are addressed.

Recommendation(s)

That:

- Members note the contents of this report.

Key Considerations

Background information to this report is contained in the context section of the main report. There are no decisions required for this report.

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

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

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

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

    (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

    (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

Consultation:

N/a

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service supports the governance framework.

Report Author and Contact Details:

Janet Spelzini, Acting Head of Internal Audit,
Tel: 0161 253 5085
Email: j.spelzini@bury.gov.uk

Background papers:

Internal Audit Plan 2021/22
Internal Audit Progress reports 2021/22

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

Term	Meaning
NNDR	National Non Domestic Rates
GDPR	General Data Protection Regulations

Internal Audit Annual Report

2021/22

"Providing assurance on the management of risks"

Internal Audit Annual Report 2021/22

"Providing assurance on the management of risks"

This document summarises the results of internal audit work during 2021/22 and, as required by the Accounts and Audit Regulations 2015, gives an overall opinion of the Authority's control environment.

Opinion

Based upon the results of audit work undertaken during the year my opinion is that the Authority's control environment provides moderate assurance that the significant risks facing the Authority are addressed.

Context

This report outlines the work undertaken by Internal Audit between 1 April 2021 and 31 March 2022.

Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment. Internal Audit plays a vital role in reviewing whether these arrangements are in place and operating properly and providing advice to managers and assurance to the organisation, Chief Executive, Executive Directors, S151 Officer, the Audit Committee and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant business risks. On behalf of the Council, Internal Audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements. The assurance work culminates in an annual opinion on the adequacy of the Authority's control environment which feeds into the Annual Governance Statement.

Internal Audit is required by professional standards to deliver an annual audit opinion and report to those charged with governance timed to support the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards

The impact of Covid19 on public services since the middle of March 2020 has been considerable. It has resulted in significant change to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery. The Internal Audit Team have embraced the council's hybrid working programmes and adapted their approach to internal auditing in response, however, the impact of COVID 19 has resulted in an interruption to routine audit work and the capacity of services to work with Internal Audit in several areas, which has affected completion of the internal audit planned work for 2021/22.

For internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to produce a reliable independent assurance assessment. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is also one of the sources of assurance that informs the Annual Governance Statement.

In 2020/21The Chartered Institute of Public Finance and Accountancy (CIPFA) recognised that public service bodies were struggling with considerable challenges and having to make difficult decisions on how best to use their staff professional and regulatory expectations including the need for internal audit arrangements conform with PSIAS. In response to this challenge CIPFA issued guidance for Head's of Internal Audit and those charged with governance on the factors they would need to consider in issuing an annual opinion.
Possible options that were suggested included:

- not providing an opinion for 2020/21;
- providing an opinion but confirming that the scope was limited to the outcome of audit work completed or particular aspects of governance risk management or internal control;
- providing an opinion explaining in more detail the other sources of assurance taken into account in reaching the opinion; or
- providing a standard annual opinion.

This guidance was discussed in professional network groups including the North West Chief Audit Executives Group. Colleagues largely agreed that it was still possible to provide an opinion albeit this would need to explain the basis for the opinion, to acknowledge that this was not a robust basis for future audit practice and that a resumption of planned audit work was essential to raise and maintain organisation standards of good governance, risk management and internal control. Whilst the audit service has now returned to business as usual, this was not in effect from the 1st April 2021 as two members of staff were redeployed to support the work in business rates of making payments to businesses affected by the pandemic and making self-isolation payments to individuals entitled to grant assistance. There is still an ongoing cumulative impact from the pandemic, and there have been other issues which have seen a reduction in audit coverage in 2021/22. Therefore, the same principles have been adopted when providing an opinion for the 2021/22 financial year.

Internal audit work during 2021/22

The underlying principle to the 2021/22 plan was risk and accordingly audits were only completed in areas that represent an 'in year risk'.

The methodology adopted in preparing the plan, and the plan itself, was presented to the Audit Committee on 21st July 2021.

Since the original plan was presented to Audit Committee, several planned audits were not undertaken. This was due to a variety of reasons which include: -

- Capacity of services to work with Internal Audit whilst responding to the impact of COVID 19 pandemic.
- Re-prioritisation of Internal Audit reviews due to commissioning of external reviews with similar themes.
- Audit reviews undertaken taking more time than anticipated, with wider scopes being introduced for reviews and a deeper level management review process. However, this has produced higher quality reports which add more value to the service and aid improvement of governance processes within the organisation.
- Planned audit time to complete outstanding work from 2020/21 was underestimated.
- Contingency days for fraud / investigation / management requests was underestimated.

In addition, the Audit Team have been operating at a reduced capacity due to staffing changes: -

- Two team members being deployed to assist a priority 1 service to administer and process self-isolation grant applications.
- One team member leaving the team in January 2022.
- One team member embarking on professional qualification training in September 2022.
- Higher than expected sickness levels within the team.

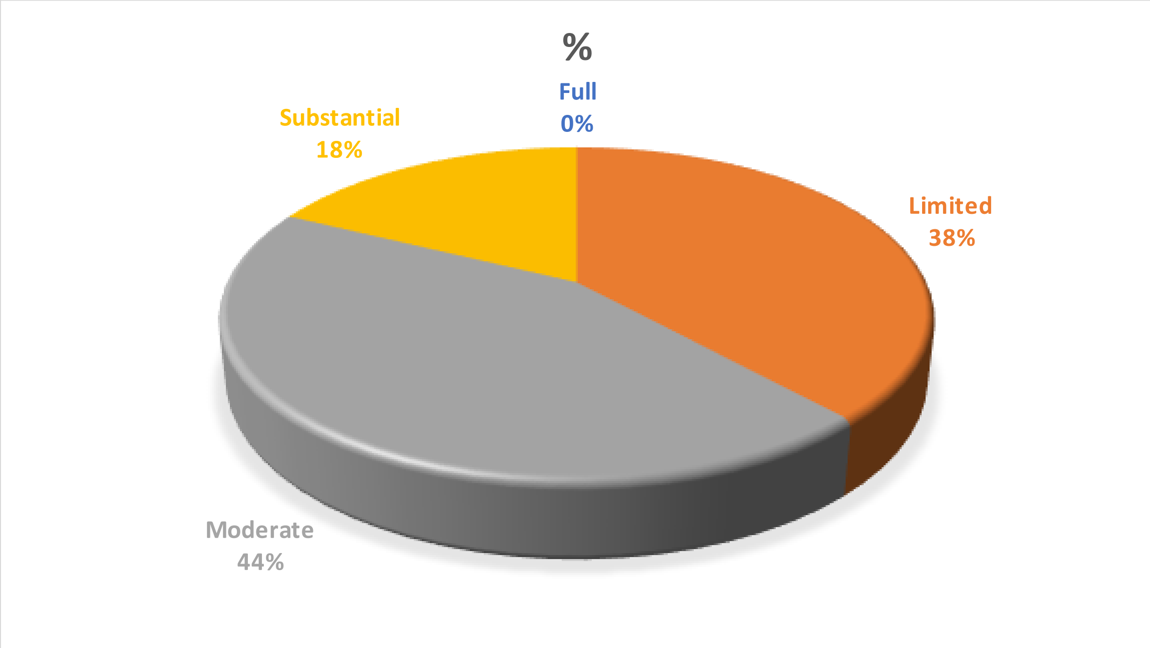
A restructure of the Finance Department is currently taking place and it is anticipated that the audit team capacity will increase, later in 2022/23, on agreement and implementation of a revised structure.

Variations to the plan during the year are inevitable if the plan is to adequately reflect changing circumstances and the changing organisation. The net effect is that although the work undertaken during the year was different to that anticipated 12 months ago, some of the agreed audits have been completed, or are substantially complete and in the process of being finalised. This work will be carried forward in the 2022/23 annual audit plan.

Summary of assurance work

The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls. The Audit Committee has received regular reports during the year summarising audits undertaken.

As shown in the following chart the outcome of 18% of audits completed in 2021/22 are positive having provided a substantial level of assurance to the areas examined. There are however a proportion of audits where controls were considered to be moderate. Most of these relate to specific areas rather than represent an across the board breakdown in controls but there are some topics which may have a wider impact. There were 13 reports which were considered to give a limited level of assurance, a positive management response was received to all reports to indicate the recommendations would be addressed. To provide some assurance going forward, additional time has been added into the 2022/23 audit plan to carry out follow up audits and to evidence that recommendations have been actioned. The key issues arising from all audits have been reported to the Audit Committee throughout the year.



A full list of the assurance work completed during the year is given in Appendix A.

The Council, and local government generally, continues to face significant challenges, including the ongoing financial challenges and the need to deliver savings, in addition to the impact on service delivery in terms of both increased costs and lost income. The Council has continued in 2021/22 to go through restructuring and it is important that controls and governance remain in place and that there is an understanding of responsibilities and accountabilities. Regularly updated forecasts of income and expenditure pressures against the available funding were provided internally through the council's monitoring framework. The Council has had it's 2020/21 Statement of Accounts signed off by the external auditors which creates a significant level of assurance.

Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. The current categories used, in increasing order of importance are: Merits attention, Significant and Fundamental.

During the year 220 recommendations were made to address weaknesses in control which would not have been identified if the audit had not been undertaken. All the recommendations made were accepted by management and positive responses were received to indicate that they would be implemented.

Recommendations are followed up to ensure that they are implemented, and details of all follow-up reviews undertaken are provided to Audit Committee. Those recommendations showing as "Outstanding" are therefore subject to scrutiny by Audit Committee Members who may call in managers to explain delayed progress where appropriate.

Follow up exercises for reports with limited assurance should be undertaken within 3 months of the final report being issued to client. Follow up exercises for all other reports should be undertaken within six months after the final reports have been issued to the client. However, due to staff vacancies and the requirement of the team to respond and undertake whistleblowing investigations, the follow up targets were not met during 2021/22. It is anticipated that follow up exercises will be brought up to date in 2022/23, when the service restructure has been completed and additional resource is made available to the Audit Team.

Details of audits which were followed up during 2021/22 are provided at Appendix B.

The existing follow up process only involves 1 follow up in respect of outstanding actions and no subsequent tracking if these have not been undertaken. Further work is required to strengthen this area and this will be developed in 2022/23.

Schools

Individual school reviews were not undertaken in 2021/22. A new approach was introduced in 2020/21, with a thematic approach being adopted to look at topics within schools. This approach was continued throughout 2021/22. Arrangements are in place to undertake a full audit at a school if requested by the Director of Childrens Services, or the Executive Director of Finance. A School Assurance Board has been established, and this is attended by a representative from the Internal Audit Team, and therefore advice and support can be provided as it is requested.

The annual accounts for a small number of School Voluntary funds and Out of School Care Clubs were examined, as requested by the schools. A small fee was collected for these pieces of work.

Summary of non-assurance work

Special investigations

The size and complexity of the Council means that some irregularities are inevitable and therefore, in addition to planned assurance work, a small number of special investigations were needed during the year. Internal Audit assisted with / advised Human Resources regarding disciplinary issues as well as providing advice to Departments regarding suspected irregularities.

In 2021/22, no information regarding special investigations was submitted to Audit Committee. There were however, two investigations, which are being finalised, which are to be brought to the Committee's attention, and further details are to be provided in the Audit Committee meeting on 25th July 2022.

Suspected frauds can be reported to our dedicated whistleblowing hotline 0161 253 6446 or by email to Whistleblowing@bury.gov.uk

Advice

Internal audit is most efficient when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems development. This work reduces the issues that will be raised in future audits and contributes to a stronger control environment. During the year advice was requested for a small number of issues. Audit support was also provided to ensure an effective control framework was established and in place to administer the payments of self- isolation grant funding awarded by the Government for distribution to individuals affected by the COVID 19 pandemic.

Internal Audit also provided support to transformation work, such as advising around changes being made to main financial systems, e.g. i-trent system (payroll) and provided support to the accountancy team who are looking to reduce petty cash balance across the Council.

Work is continuously undertaken to ensure that Departments are aware that they should approach Internal Audit as a consultancy resource and a contingency is to be built into the annual audit plan for 2022/23 so that resources are available to meet any consultancy requests.

Certification

Audit can be required to certify grant claims. There were no grant claims submitted for audit certification during 2021/22.

Effectiveness

This section of the report sets out information on the effectiveness of the service and focuses on compliance with the Public Sector Internal Auditing Standards (PSIAS) and customer feedback.

A full externally conducted quality assessment of the service was conducted during 2016. The report of that assessment concluded that the audit service "partially conformed to the expectations of the Public Sector

Internal Audit Standards." Work since then has been undertaken to address the recommendations made. The review is due to be undertaken again in January 2023.

To assist with planning for the 2022/23 review and to guide the development of the Internal Audit Service, a high level review of internal audit was commissioned in 2020/21. This report noted that it had identified that the Internal Audit Team are keen to deliver an effective compliant service within the Council, however, there are a number of historical, operational and cultural factors within both the team and the wider Council that inhibit the effectiveness of the team. The report included a series of recommendations and action has been taken to address these throughout 2020/21, and 2021/22. Internal audit reports have been refreshed, and audit processes have been reviewed and changes have been made, particularly with the internal review process and challenge to the findings in reports, and with client engagement. As the new processes are beginning to embed, there has been a slower turnaround of audit reports, and reviews have taken longer than the original target time provided for in the annual plan, however the quality of the resulting reports has improved. Further actions to address the findings of the commissioned review are still required and the audit plan for 2022/23 will include a time resource to ensure that developments needed within the service are addressed, and to provide for a self - assessment to be undertaken before the external review takes place in January 2023.

In accordance with best practice there is a rigorous internal review of all work undertaken by senior staff and the results feed into the staff appraisal process.

Following most audits a "post audit questionnaire" is issued to the relevant managers asking for their views on the conduct of the audit. The questionnaire includes a range of questions covering the audit approach, reporting format, etc. A key feature of the audit role is the need to sometimes be critical of existing or proposed arrangements. There is therefore an inherent tension that can make it difficult to interpret surveys. Post audit questionnaires are not issued when an investigation is undertaken or if the audit is undertaken by an external partner.

In previous years the post audit questionnaire responses returned continued to evaluate the audit process and value of reports as excellent / good. All feedback received was positive and no negative feedback or comments had been received. During 2020/21, 7 questionnaires were sent out and all were returned. For 2021/22, whilst allowing the new working style of audit to embed, and to allow services to continue to respond to the impact of the pandemic, audit questionnaires were not issued. These are to be reinstated for 2022/2023.

It is clearly important for any audit service to keep abreast of best professional practice. The internal audit service is fortunate in having strong links with colleagues both within Greater Manchester and nationally. The Service has a membership to the Institute of Internal Auditors providing its staff with technical and professional support. At a regional level there are networking opportunities for auditors specialising in schools, ICT, contracts and fraud. As well as good opportunities for continuing professional development and sharing best practice these activities provide advance information on new developments which can be reflected in the audit plan.

The Authority can be confident that a good quality Internal Audit service continues to be provided.

Opinion

The impact of COVID19 on public services in 2020/21 was considerable, and continued into 2021/22. Additionally, the Council is going through a period of transformation, which includes changes to governance processes as well as revisions to staffing structures. Whilst going through a period of change there is a knock on effect which results in significant change to planned priorities and a requirement to focus resources on those critical activities essential to the pandemic response and recovery, and to areas where more risks are perceived to be.

For internal auditors it has raised the question of whether they are able to undertake sufficient internal audit work to produce a reliable independent assurance assessment. It is the responsibility of the Council to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under PSIAS to provide an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment) and a summary of the audit work from which the opinion is derived.

No system of control can provide absolute assurance against material misstatement / loss or eliminate risk, nor can Internal Audit give that assurance. The work of internal audit is intended only to provide - reasonable assurance on controls. In assessing the level of assurance to be given, I have taken into account:

- Audit plan and other audit and assurance and advisory work completed in 2021/22; and audit work from prior years where systems or processes have not been subject to change.
- audits which are in draft and where a management response is awaited;
- any follow-up action taken in respect of audits from previous periods;
- any fundamental recommendations not accepted by management and the consequent risks (this is not applicable in 2021/22 as management accepted all recommendations).
- the effect of non-assurance work undertaken during the year; and
- the effect of any significant changes in the Authority's systems; and matters arising from previous reports to members.

Some significant issues have arisen during the year, but action plans have been agreed with the relevant managers to address the weaknesses identified. Where weaknesses have been identified, they have tended to relate to specific parts of the organisation rather than an across-the-board breakdown in controls. Those audits involving major control weaknesses are in the minority and in general terms, controls are sufficient to prevent or detect serious breakdowns in systems and procedures. However, it is clearly important that issues identified during the year are addressed.

For 2022/23 the Internal Audit Plan confirms resumption of planned audit work in key risk areas. Some of this will remain linked to the COVID19 response and recovery but will provide direct assurance over a range of other organisational risks.

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's governance, control and risk processes.

Based upon the results of work undertaken by Internal Audit during the year my opinion is that the Authority's governance, control and risk management provides moderate assurance that the significant risks facing the Authority are addressed.

Appendix A

Summary of audits completed during the year and total number of recommendations made.

	Audit	Level of Assurance	Report Date	Total number of recs made	No of Fundamental recs made
	Included in annual opinion 2020/21 – so not included in 2021/22				
	Bury Council				
	Budget Setting and Monitoring in Schools	Substantial	April 2021	2	0
	GDPR	Moderate	May 2021	24	0
	Adoption Services	Substantial	June 2021	3	0
	Pupil Premium Grant	Full	June 2021	2	0
	Six Town Housing				
	Treasury Management	Substantial	May 2021	3	0
	Reports to include in annual opinion for 2021/22				
	Bury Council				
1	Pooled Budgets	Substantial	May 2021	1	0
2	Purchase Cards	Moderate	August 2021	12	0
3	Car Allowances	Moderate	August 2021	11	0
4	Integrated Equipment Store	Limited	August 2021	22	3
5	Members Allowances	Moderate	August 2021	4	0
6.	Creditors Key Controls	Limited	October 2021	6	1
7	Housing Benefit and Council Tax Support Key Controls	Moderate	October 2021	2	0
8	NNDR Key Controls	Moderate	October 2021	6	0
9	Grounds Maintenance Procurement	Moderate	September 2021	5	0
10	Health and Safety	Limited	November 2021	15	2
11	Members Discretionary Budgets	Limited	November 2021	4	2
12	Debtors Key Controls	Limited	October 2021	7	1
13	Cash and Bank Key Controls	Limited	November 2021	4	1
14	Main Accounting Key Controls	Limited	November 2021	9	1

15	Council Tax Key Controls	Moderate	November 2021	6	0
16	Payroll Key Controls	Moderate	October 2021	13	0
17	HEN Accomodation Team – Petty Cash	Moderate	October 2021	6	0
18	Mobile Phones	Substantial	October 2021	3	0
19	Treasury Management	Substantial	November 2021	3	0
20	GM Supporting Families	Substantial	November 2021	2	0
21	Leisure Centre Income	Limited	June 2022	9	1
22	Taxi Licencing	Moderate	March 2022	2	0
23	Residential Placements	Moderate	June 2022	2	0
24	Choices for Living Well (Killelea) Petty Cash	Limited	July 2022	9	3
25	Estates	Limited	July 2022	16	7
	Six Town Housing				
26	Procurement Repairs and Maintenance	Limited	September 2021	6	1
27	Payroll	Substantial	September 2021	2	0
28	Data Quality	Limited	September 2021	7	1
29	Fraud Business Controls	Limited	August 2021	5	1
30	Fire Safety	Moderate	February 2022	4	0
31	Housing Rents Key Controls	Substantial	February 2022	3	0
32	Electrical Safety- Furnished Properties	Moderate	February 2022	3	0
33	Electrical Safety – Un furnished Properties	Moderate	February 2022	6	0
	Persona				
34	Payroll	Moderate	January 2022	5	0

Appendix B

Summary of follow ups completed during the year.

		Report date	Recs made	Recs accepted	Follow up date	Recs implemented
	Bury Council					
1	Cash and Bank Key Controls 2019.20	June 2020	2	2	July 2021	2
2	Treasury Management Key Controls 2019.20	August 2020	1	1	July 2021	1
3	Payroll Key Controls 2019.20	March 2021	5	5	July 2021	None implemented. Report made 2 significant and 3 merits attention recommendations. – all recommendations repeated in review of 2020/21 key controls
4	Debtors Key Controls 2019/20	August 2020	5	5	July 2021	4 implemented, 1 recommendation (merits attention) repeated in review of 2020/21 key controls
5	Main Accounting Key Controls 2019/20	August 2020	4	4	July 2021	1 implemented, 3 recommendations (all merits attention) repeated in review of 2020/21 key controls
6	Creditors Key Controls 2019/20	August 2020	4	4	July 2021	2 implemented, 2 recommendations (merits attention) repeated in review of 2020/21 key controls
7	NNDR Key Controls 2019.20	July 2020	5	5	July 2021	1 implemented, 4 recommendations (2 significant and 2 merits attention)

						repeated in review of 2020/21 controls
8	Purchase Cards	August 2021	12	12	January 2022	12
9	Car Allowances	August 2021	11	11	January 2022	11
10	Pupil Premium	June 2021	2	2	January 2022	2
11	Health and Safety	November 2021	16	16	February 2022	16
12	GDPR	May 2021	24	24	May 2022	24
	Six Town Housing					
13	Debtors Key Controls	October 2020	1	1	February 2022	1
14	Treasury Management	March 2021	3	3	February 2022	3

Classification	Item No.
Open	

Meeting:	Audit Committee
Meeting date:	25th July 2022
Title of report:	Internal Audit Plan 2022/23
Report by:	Executive Director of Finance (S151 Officer)
Decision Type:	Council
Ward(s) to which report relates	**All**

Executive Summary:

This report sets out the context of the Internal Audit Service and explains the approach to the compilation of the 2022/23 internal audit annual plan. The annual plan is incorporated at Annex 1 to the report.

Recommendation(s)

That:

- Members note the contents of the report
- Members approve the annual audit plan for 2022/23

Key Considerations

Background information to this report is contained in the main report.

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

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

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

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

    (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

    (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

Consultation:

N/a

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the proposed work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service supports the governance framework.

Report Author and Contact Details:

Janet Spelzini, Acting Head of Internal Audit,
Tel: 0161 253 5085
Email: j.spelzini@bury.gov.uk

Background papers:

Internal Audit Plan 2021/22

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

Term	Meaning
QAIP	Quality Assurance and Improvement Programme
FOI	Freedom of Information
SAR	Subject Access Request
NNDR	National Non Domestic Rates
GDPR	General Data Protection Regulations

Internal Audit Plan

2022/23

“Providing assurance on the management of risks”

Internal Audit Plan 2022/2023

"Providing assurance on the management of risks"

This document sets outs the Internal Audit Plan 2022/2023 for Bury Council. These services are provided by the Internal Audit Service of Corporate Core - Finance Directorate. This document complements the Audit Charter and the Council's Risk Management Framework. In accordance with current best practice the role of the Audit Committee is to review and approve the internal audit plan.

The Role of Internal Audit

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending, and making the most of their opportunities. The different types of risk are varied and commonly include financial risks, IT risks, supply chain failure, physical risks to people, and damage to the organisation's reputation. The key to the Council's success is to manage these risks effectively.

The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 state that a local authority is responsible for ensuring that its financial and operational management is effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. The Regulations require accounting systems to include measures to ensure that risk is appropriately managed.

The requirement for an internal audit function is also contained in the Regulations which require the Authority to:

> "Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

The Council has delegated its responsibilities for internal audit to the Executive Director of Finance (S151 Officer).

Definition of Internal Auditing

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

The key word in the definition is assurance, the role of audit is not to identify or investigate alleged irregularities, it is to provide assurance to the organisation (the Chief Executive, Executive Directors, Directors and the Audit Committee) and ultimately the taxpayers that the authority maintains an effective control environment that enables it to manage its significant business risks. The assurance work culminates in an annual opinion on the adequacy of the Authority's governance, control and risk management processes which feeds into the Annual Governance Statement.

Different parts and levels of an organisation play different roles in managing risk, and the interplay between them determines how effective the organisation as a whole is in dealing with risk. The Institute of Internal Auditors uses a "three lines of defence" model to explain internal audit's unique role in providing assurance about the controls in place to manage risk:

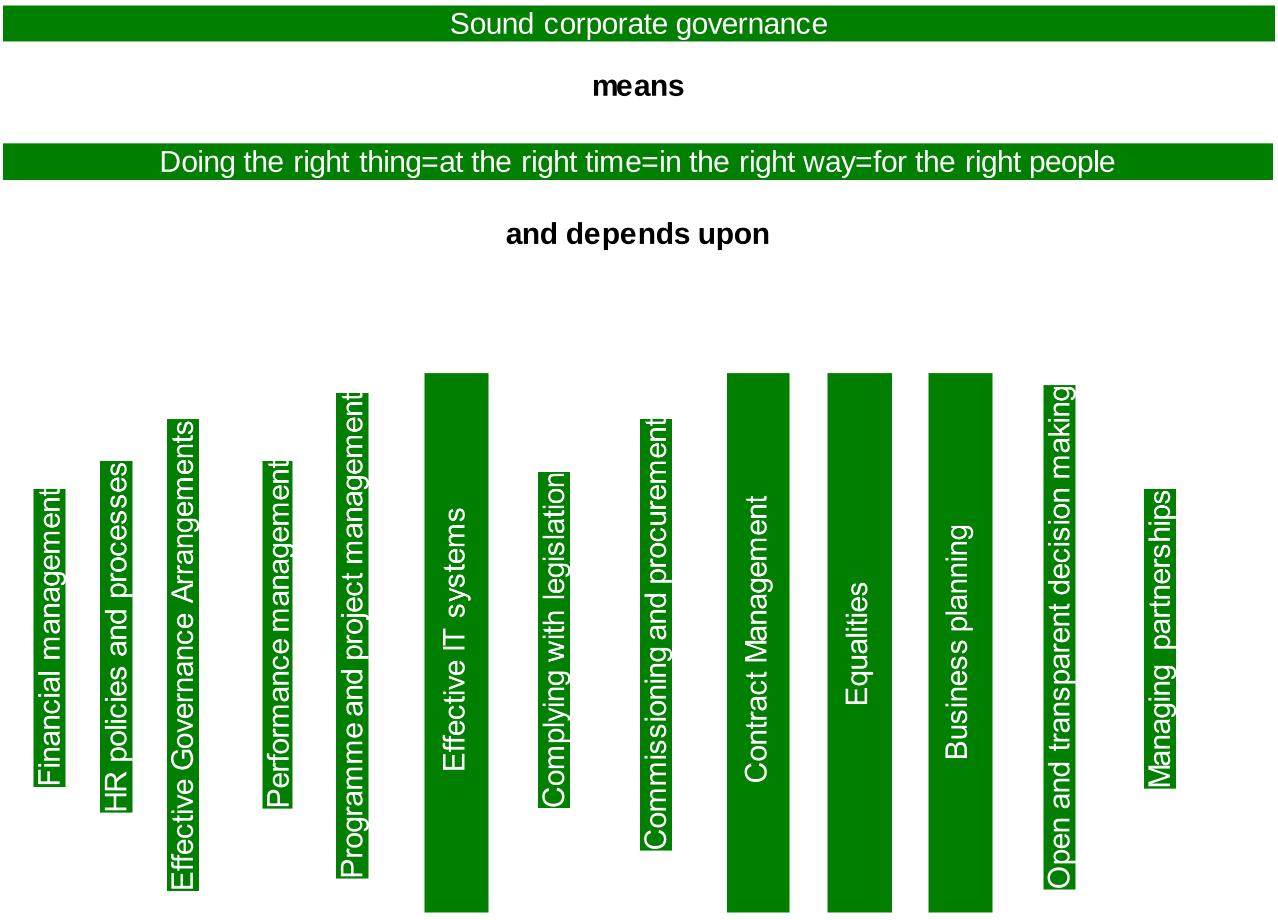
Figure 1: Three lines of defence model

The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of defence, audit's main roles are to ensure that the first two lines of defence are operating effectively and advise how they could be improved.

We develop and then deliver a programme of internal audits to provide independent reasonable assurance to senior management and members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial and management control and governance processes and report this directly and independently to the most senior level of management. In accordance with regulatory requirements most individual assurance assignments are undertaken using the risk based systems audit approach and are not usually designed to identify potential frauds.

The focus of our work continues to be primarily key corporate processes although the 2022/23 audit plan is being developed to also have a focus on high level risks and change processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the Council that its overall governance, control and risk management arrangements remain effective.

Figure 2: Key corporate processes



We give an opinion on how much assurance systems give that significant risks are addressed. We use four categories of opinion: Full, Substantial, Moderate and Limited assurance.

A report, incorporating an agreed action plan, will be issued for every audit.

The results of audits are also reported to the Council's Audit Committee. To assist managers in prioritising areas for improvement, recommendations are classified as: Fundamental, Significant and Merits Attention.

Vision, purpose and values

A professional, independent and objective internal audit service is one of the key elements of good governance in local government.

As a modern effective risk and assurance service we aim to:

- Act as a catalyst for improvement and provide insight on governance, control and risk management;
- Influence and promote the ethics, behaviour and standards of the organisation;
- Develop a risk aware culture that enables customers to make informed decisions;
- Be forward looking; and
- Continually improve the quality of our services.

A key driver of this strategy is the need to meet all our customers' needs, which in the context of the Council are the Audit Committee, Chief Executive, Executive Directors and Directors.

The Council will continue to be affected by a variety of local and national issues:

- Funding pressures faced by local government;
- Increased growth in partnerships and collaborations, for example with health, other parts of the public sector and the private sector;
- Ever increasing use of technology to deliver services;
- Flexible working arrangements to make more effective use of accommodation;
- The introduction of new ways for customers and the public to access services;
- Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness;
- Responding to organisational changes and development
- Supporting our residents and local business to recover from the impacts of COVID 19 and the emerging challenges that this is posing both internally and externally to Council services and the local economy.
- The national cost of living crisis and the potential for an economic recession.

These, and other developments, will mean increased pressure on the service to review existing systems and provide advice on new and complex initiatives. There is also the challenge of working in a post COVID 19 world and reviewing what and how we perform our duties and remain effective. We must add value and help deliver innovations in service delivery. To respond to the demands on us we will:

- Continue to develop our staff to ensure we are fully equipped to respond to our customer's demands;
- Continue to invest in modern technology to improve efficiency and effectiveness;
- Add value and make best use of our resources by focussing on key risks facing our customers;
- Increasingly work in partnership with clients to improve controls and performance generally;
- Continue to buy in specialist help when required– particularly in IT.
- Review our processes and implement improvements where we can; and
- Ensure our learning and development remains current and reflects best practice.

Services

In addition to undertaking audits the Service is developing to support the organisation by also providing the following services:

Consultancy

The Council will face major changes in culture, systems and procedures over the coming years and we are able to provide advice on the governance, control and risk implications of these changes. The service will act as a critical friend. Particular emphasis is put on project governance and process design.

We are seeking to develop our knowledge and understanding of the management of risk so we are able to ***challenge*** current practice, ***champion*** best practice and be a ***catalyst*** for improvement, so that the Council as a whole achieves its strategic objectives.

So, for example, when a major new project is being undertaken we can help to ensure that project risks are clearly identified and that controls are put in place to manage them. Where possible this has been reflected in our audit plan for the coming year.

It is more constructive for us to advise on design of processes during the currency of a change project rather than identify problems after the event when often it is too late to make a difference and it is possible to use less resource to identify key points than in a standard audit - timely advice adds more value than untimely. Discussion have been held with Directorate Management teams to identify key projects.

Challenge

Champion

Catalyst for improvement

Irregularities

As a publicly funded organisation the Council must be able to demonstrate the proper use of public funds. It is the responsibility of every manager to have systems in place to prevent and detect irregularities. However, if an irregularity is identified or suspected managers are required to notify the Service and will need professional support to investigate the matter.

All significant investigations, which potentially have a significant financial impact, will be undertaken by the Internal Audit Service but more minor matters will be referred back to the relevant manager to progress with support from the audit team. The decision on which cases will be investigated will be made by the Acting Head of Internal Audit

Counter fraud

Although responsibility for operating sound controls and detecting fraud is the responsibility of management, the Service has a key supporting role. In particular, we are responsible for maintaining and publicising the Council's anti-fraud policy, maintaining records of all frauds and, as a deterrent, publicising proven frauds.

The Service also coordinates the Council's participation in the National Fraud Initiative. Relevant managers are best placed and hence are responsible for investigating matches identified by the NFI but we do maintain an overview of progress.

A separate counter fraud team is also in place within the Council. This team focuses on preventing fraud from entering the Council and undertakes investigations relating to application fraud (e.g. Housing Benefits, Council Tax, Direct Payments, Blue badges).

Plan 2022/2023

To ensure the best use of limited audit resources audit work needs to be carefully planned. We have sought to align our work with the Council's risk base this year, by liaising with senior management and taking into account:

- the overall environment in which the Council has to operate
- its aims, strategies, key objectives, associated risks
- risk management processes, and

Our plan also takes into account those topics which have not recently been audited or which feature in the corporate risk register or which when last audited received a low opinion. We are reviewing our training and development plan to ensure that auditors have access to various professional networking meetings which highlight the wider issues affecting public sector internal audit which need to be reflected in the programme of work.

General context and key themes

The outlook for Local Government remains demanding. The impact of COVID-19 together with other pressures on the national economy, and uncertainty around long term government policy present significant challenges to the Council. Loss of income, uncertainty around future funding and increasing pressures in demand-led services are also concerns.

As previously agreed, the Council's budget meeting in February 2022, confirmed the use of reserves totalling £14.355m to support the 2022/23 financial position. Following the settlement which gave local authorities additional none recurrent funding this created a projected none recurrent surplus for 2022/23 of £4.384m. Cabinet approved that £1.388m should be transferred to a business rates reserve and the balance, £2.996m be transferred to a smoothing reserve, to replenish reserves and smooth the expected financial gap in 2023/24.

During 201/22 all public sector partners across Bury continued to work together to support Bury residents during the pandemic. Further progress has been made in the integration with NHS Bury CCG and the operation of the pooled and aligned funds and joint commissioning and governance arrangements at scale. There continued to be significant changes to personnel at senior levels in the organisation and the transformation programme will continue in earnest in 2022/23. The transformation includes an anticipated restructure to the Finance Department, with a strengthening, by increasing capacity, of the Internal Audit Team. The Council is therefore part way through a period of major transformational change in the midst of unprecedented economic uncertainty and challenge and, as a result, the Council's risk profile has changed in the period since the last plan was agreed. In a climate of significant change and uncertainty it is important that core governance, risk management and financial control arrangements are robust and consistently being followed across the organisation. A key focus of the plan for 2022/23 is therefore to provide assurance on these core processes.

Our primary customers remain the Chief Executive, Executive Directors, Directors and the Audit Committee but we will take into account the views of other managers when refining the scope of audits and will accommodate them as long as requests do not divert us from addressing the core scope as agreed with the Audit Committee.

Further significant changes in processes and policies are likely during the coming year and internal audit will need to support this work and provide advice on the governance, risk management and control implications of the changes. Whilst providing advice is good practice and an effective use of resources sufficient audits are required across the Council's risk profile in order to deliver the annual "Head of Audit" opinion.

Given the limitations on audit resources there is an increasing need for more reliance to be placed by the Council on second line of defence functions (such as Finance, HR and Procurement) and potentially audit will increasingly need to provide assurance on the effectiveness of those functions especially as budget constraints will inevitably also impact on them and hence on the overall assurance framework. The plan therefore includes more of an emphasis on such functions. We will avoid undertaking roles that are properly the responsibility of the first or second line of defence – these managers need to have sound controls and monitoring systems in place rather than relying on periodic internal audits to provide them with assurance. Assurance that these management functions are being properly discharged will be tested as part of the audit work.

In general we plan not to do any individual schools audits instead focusing on the arrangements the Council has in place to identify as early as possible, and subsequently support, schools causing concern / in difficulty. Where a potential and significant financial irregularity is suspected at a school we will investigate but we will not investigate minor suspected irregularities and will expect schools to resolve these albeit with some support from audit as well as other support functions from across the council including finance and school advisers. Similarly, there is little value that an audit can add where the Council already knows of issues at a particular school.

The detailed plan

Based upon discussions with senior managers and our professional judgement an estimated number of days have been allocated to each potential topic. Demonstrating the assurances planned on each strategic risk and being transparent about auditable topics that cannot be audited are key requirements of internal audit professional standards and we therefore adopt a top down approach with the plan being driven by key risks.

The outline plan in Annex 1 shows those topics that we are planning to audit. This will be further developed as we aim to develop the audit universe for the Council. An update on this will be provided during the year. The plan takes into account the resources available within the audit service, risk and other assurance frameworks that exist from which the council can gain assurance.

As in previous years the plan covers one year which is accepted best professional practice. As we strive to improve our service indicative timings of audits have been reflected in the plan. This not only provides a focus for the service in ensuring we are able to monitor and track progress against our plans but enables services to work with us so that audits are not timed at peak time, or in the case of projects, before some of the key activity has taken place. Timings are subject to review during the year e.g. when risks change or a specific project becomes a matter of priority or a significant fraud has to be investigated.

In addition to the assurance and advisory work listed provision has also been made in our work plan to:

- Undertake investigations,
- Provide advice on a consultancy basis to Directorates;
- Deliver an internal audit service to Six Town Housing and Persona.
- Complete outstanding 2021/22 audits, and
- To undertake development work for the internal audit section, including assurance mapping of Directorates to feed the audit plan for 2022/23.

Quality Assurance and Improvement Programme

The Public Sector Internal Audit Standards (PSIAS) require the Acting Head of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activity.

The QAIP includes internal assessments, periodic self-assessments and external assessments and is not only designed to assess the efficiency and effectiveness of Internal Audits, but also to enable an evaluation of the internal audit activity's conformance with the definition of internal auditing and the PSIAS and an evaluation of whether internal auditors apply the Code of Ethics. We have an Audit Manual based on accepted professional practice which as well as being compliant with PSIAS builds quality into every stage of the audit process. An external review of the Internal Audit Section was undertaken in 2020/21. Some key areas of improvement were identified and these have been addressed and other recommendation made continue to be addressed. This work includes a revision of the QAIP for the service which will be undertaken and provided to Audit Committee, later in the financial year.

The Internal Audit Service is due to be assessed by peer colleagues in January 2021, to ensure that the service complies with PSIAS (Public Sector Internal Audit Standards) . There are plans in place to undertake a self-assessment before this review takes place.

Annex 1 Planned Work 2022/23

CORPORATE GOVERNANCE AND RISK						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core	Risk Managemen t and Assurance Framework	Failure to identify major risks that may prevent the Council from achieving one or more of its objectives. Failure to ensure that the major risks are being managed.	Review of risk management arrangements at corporate level – review of the Council's risk management strategy and arrangements for the maintenance of risk registers. Review the associated information management system and reporting arrangements.	15	QTR4	Brought forward from 2021/22. To be completed once the finance restructure Is recruited to which sees strength added in this area.
Corporate Core	Complaints Procedures	Failure to comply with Council policy and regulations, potential for reputational damage should a complaint be taken to the Ombudsman.	Review of system for receiving and dealing with complaints.	15	QTR2	2021/22 undertook a review in Childrens Services following request from Management. Included in 2022/23 to do a further review in another service area.
Corporate Core	FOI /Subject access	Failure to comply with Council policy and regulations, potential for reputational damage should a complaint be taken to the Ombudsman.	Review of system for receiving and dealing with FOI / SAR requests. Specific request to focus testing on Childrens' Services.	15	QTR3	Brought forward from 2021/22

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Six Town Housing	Procurement of Contractors and Delivery of Capital Programme Schemes	Failure to comply with contract procedure rules, and failure to have adequate systems in place, could result in financial loss and additionally in reputational damage should complaints / allegations be received.	Follow up review to ensure recommendations from a previous internal audit have been addressed and to review arrangements in relation to the control of materials / stocks which was an issue raised in an external review commissioned by the Council in 2021/22.	20	QTR1	
Childrens Services	Recruitment Process	Failure to undertake robust pre-employment checks (right to work in the UK etc.) which may result in reputational damage or financial penalties.	Review of recruitment process – including assurance over the design and operation of the recruitment process including: 1 completeness and timeliness of pre-employment checks 2 completeness, accuracy and timeliness of adding new employees to the payroll 3 monitoring by HR of compliance with pre-	15	QTR4	2021/22 included a proposal for Corporate review - however Childrens Services asked for a piece of work and this has not yet been undertaken. Therefore brought budget forward from 2021/22 and propose to use this budget for the review requested by Childrens Services and defer Corporate Core review until 23/24

			employment and recruitment processes 4 an appropriate division of duties is enforced by the system.			
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Operations	Health and Safety	Potential damage to health / wellbeing or loss of life which may result in claims, reputational damage, litigation or corporate manslaughter	Review of Health and Safety arrangements within Operational Services, including the identification of services provided, the risk assessments in place action to address any remedial action identified.	15	QTR3	Brought forward from 2021/22

SERVICE REFORM (Core Financial Systems)						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Finance	Finance Systems - key controls	Errors and omissions resulting in weaknesses in the integrity of financial data and statements	Routine annual review of high-level controls within the key finance systems, retrospective review looking at transactions in 2021/22, to support closure of accounts process. Council Tax NNDR Housing Benefits Treasury Management Payroll Creditors Main Accounting Debtors Cash Collection and Banking.	80	QTR 1	

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Finance	Budgetary Control	Failure to identify budget variances promptly and take corrective action.	Routine review of the council's approach to budget development, monitoring/ forecasting and taking action to address significant variances.	15	QTR4	
Corporate Finance	National Fraud Initiative	Statutory requirements are not complied with	Manage and co-ordinate the NFI including additional checks on data matches where appropriate.	15	QTR3 and QTR 4	Ongoing exercise, New datasets to be uploaded to Cabinet Office – October 2022, results expected end of January, which will then need examining.
Corporate Finance	I-Trent - Payroll – Additional hours / overtime payments	Failure to respond effectively and efficiently to any major incident.	Review arrangements to manage and process timekeeping and overtime effectively as the self-serve module is introduced in i-trent. Cover all directorates, and report to each Executive Director with results of findings.	15	QTR2	Brought forward from 2021/22. Suggest choose one directorate – 15 days is too narrow to look at all directorates

SERVICE REFORM (Grants and Verification)						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Finance	Grant Claims	Failure to comply with grant arrangements.	Certification of those grant claims required to be certified by the Council's head of internal audit. Anticipated during 2022/23: - Public Sector Decarbonisation Scheme Bus Operator Grant	15	QTR 1 to QTR 4	Grant reviews undertaken in year One known grant expected, however additional provision made for any other grant work which may be required.
Children and Young People	Dedicated School Grant	The Council may fail to address the recommendations made by the DFE, and DSG recovery may not be achieved.	Review work being undertaken to ensure that recommendations identified during the Safety Valve project are being addressed and DSG recovery is being achieved.	20	QTR3 / 4	

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Communities and Wellbeing / One Commissioning Organisation	GM Supporting Families (TFG)	Failure to comply with grant requirements and failure to deliver programme objectives.	Routine annual review. GMCA have been granted devolved powers over the programme and are collaborating to develop a more traditional / risk-based approach to the annual assurance work. Reviews to be undertaken once / twice a year as directed by GMCA and the devolution agreement.	10	QTR2/3	

PLACE AND PEOPLE						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Core	CCTV	Failure to adhere to the agreement and follow the CCTV Code of Practice could impact on the Council's reputation and reliance placed on the CCTV function in supporting other agencies and community safety.	Annual review as required by CCTV agreement.	5	QTR1	Brought forward to 2022/23 – PN has confirmed that requires the review.
Operations	Stores	Weaknesses in the control of assets and stock may result in losses / increased costs.	Review the arrangements to manage the assets held at the Stores based at Bradley Fold depot.	15	QTR3	

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Children and Young People	Independent Foster Agency	Inability to place “looked after children” with suitable families or promptly as the need arises.	Review of the use of IFA’s, including the controls in place to help ensure cost effectiveness and manage quality and quantity of placements.	20	QTR4	Brought forward from 2021/22. There is also additional capacity to the foster team as part of the Childrens and Young People Restructure to increase the number of Bury foster carers.
Children and Young People	Care Packages	Failure to comply with Council policy and legislation when procuring goods / services / administering contracts with suppliers. Best value may not be achieved, and high-cost care packages may not be challenged.	A review of the process for the calculation and award of care packages for vulnerable children, and the billing and payment processes around care processes to provide assurance that financial risks are mitigated. Review arrangements in place for ongoing reviews of care packages to ensure they are still appropriate and consider the financial controls in particular authorisation for changes to rates and providers. Determine if any	15	QTR3	Brought forward from 2021/22

			benchmarking processes are in place and review.			
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Children and Young People	School and College Transport	Children with special educational needs may be excluded from Education as they may not have any available transport / support to enable them to be able to travel to and from school.	Review the management and contractual arrangements over SEN transport to ensure outcomes for service users are achieved and risks to the service users and the Council are mitigated.	15	QTR3	Brought forward from 2021/22
Communities and Wellbeing / One Commissioning Organisation	Home care packages	Failure to comply with Council policy and legislation when procuring goods / services / administering contracts with suppliers. Best value	A review of the process for the calculation and award of care packages for vulnerable adults, and the billing and payment processes around homecare processes to provide assurance that financial risks are mitigated.	15	QTR3	Brought forward from 2021/22

		may not be achieved, and high-cost care packages may not be challenged.	Review arrangements in place for ongoing reviews of care packages to ensure they are still appropriate and consider the financial controls in particular authorisation for changes to rates and providers. Determine if any benchmarking processes are in place and review.			
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Operations	Fleet Managemen t	Vehicles and plant may be mis–used / mis-appropriated	Review to assess the security of the vehicle and plant equipment and the arrangements in place to ensure that all items can be accounted for.	10	QTR3	Brought forward from 2021/22
Operations	Car Parking Income	Income due may not be collected, effecting cash flow of the Council. Additionally, errors and omissions resulting in	Review the processes in place to ensure that income due to the service is collected in line with any agreements in place, and that the income is collected	15	QTR3	Brought forward from 2021/22

		weaknesses in the integrity of financial data and statements	and posted to the accounts promptly.			
Directorate	**Topic**	**Potential Control / Governance Issue**	**Proposed Audit Coverage**	**Indicative Days**	**Proposed Timing**	**Comments**
Operations	Climate Change	Due to the Global increase in energy prices there will be significant increases in gas and electricity costs for 2022/23.	Review processes in place for the monitoring and targeted reduction of energy costs, including energy audits, building conditions surveys, and rationalisation of the estate	15	QTR 4	

CONTRACTS						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Corporate Finance	STH Client Management arrangements	Failure to implement the clauses in place in the management agreement could provide a risk of financial loss to the Council in addition to reputational damage.	A new agreement has been implemented and a review is required to ensure that the terms of the agreement are being adhered to.	15	QTR3	Brought forward from 2021/22
Corporate Finance	Persona	Failure to implement the clauses in place in the management agreement could provide a risk of financial loss to the Council in addition to reputational damage.	A new agreement has been implemented and a review is required to ensure that the terms of the agreement are being adhered to.	15	QTR3	Brought forward from 2021/22

Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments
Business Growth and Infrastructure	Regeneration Projects	Failure to comply with Council policy and legislation	Identify regeneration projects that have / are taking place. Review a project to ensure that best practice was followed, considering project initiation, procurement of works, ongoing monitoring, and administration of payments, record keeping and post project implementation review.	15	QTR3	Audit brought forward from 2021/22
SUPPORT / SYSTEMS IMPLEMENTATION						
Directorate	Topic	Potential Control / Governance Issue	Proposed Audit Coverage	Indicative Days	Proposed Timing	Comments

Corporate Core – Finance	I-Trent	Failure to adequately secure systems could result in a data breach, loss of service / downtime and loss of data.	Provision to support system implementation.	5	TBA	Advice to be given as and when requested.
			TOTAL	440		

OTHER COMMITMENTS		
Activity	***Indicative Days***	***Comments***
Completion of audits commenced during 2021/22: **Regeneration Projects** **Estates Property Management** **Choices for Living Well (Killelea) Petty Cash** **Childrens Services -Complaints** **Residential Placements** **Leisure Income** **Highways Maintenance**	38	Indicative days increased from last year as were underestimated.

Audit work for Six Town Housing and Persona (separate audit plans)	71	STH only – plan reduced form 75 to 36 to bring in line with SLA. 35 days planned for Persona
Post Implementation Reviews and Action Tracking	30	Following up limited assurance reviews in more depth – so need to increase provision to allow for additional testing.
Contingency for GMCA Collaboration / reactive GM assurance work	5	
Contingency for Investigations and supporting the council's counter fraud strategy, including revision of whistleblowing policy.	50	Provision increased as was too low last year.
Contingency for reactive or unplanned work, management request, consultancy work	30	
Audit Service Management and administration, including service development, assurance mapping, Quality Assurance and Improvement Programme (QAIP), anti-fraud and corruption strategy, audit planning and Committee's support	196	
Provisions for annual leave / training / sickness	310	Increased from 2021.22 Have lost a member of staff, however, another Member of staff now undertaking CPFA training.
Provision of ICT review – by Salford Computer Audit Services (System Licencing)	20	
Total:	750	

Combined Total: 1190	
Audit days to be delivered **684**	(Exclude 196+310)

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank