Bury COUNCIL

Statement of Accounts 2019/2020

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Introduction by Joint Chief Finance Officer (Section 151 Officer)

I am pleased to introduce our financial accounts for 2019/20. The purpose of these accounts is to present a true and far 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 2019/20 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 2019/20 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 2019/20 are prepared and set out.

Lisa Kitto

Director of Financial Transformation and S151 Officer

Approval for the Statement of Accounts

Narrative report

Introduction to Bury

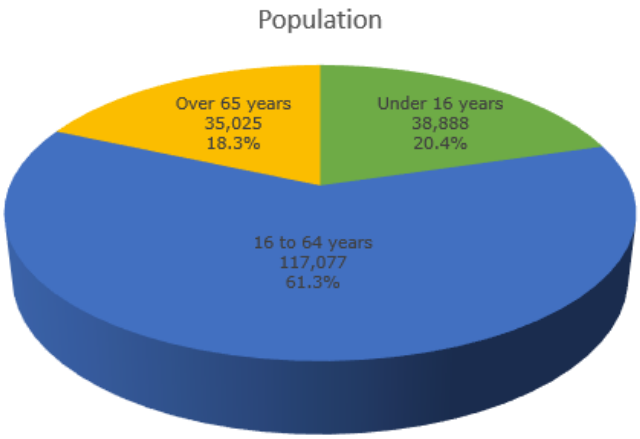
Bury Council is one of ten local authorities in the Greater Manchester region. Bury is a place of independent shops, good schools, thriving businesses and strong communities making it a place where people want to live, work and spend their leisure time.

Like many other authorities across the country the Council faces significant financial challenges whilst operating in an environment that is uncertain and volatile. Despite this the Council recognises the need to transform itself and ensure it is a sustainable organisation fit for the future. The Council is at the end of the previous financial strategy and has developed a new, five year, rolling, medium term financial strategy for 2020/21 onwards. In doing so the Council is reviewing the services it provides to residents and how it provides these services to ensure they are delivered in the most effective and efficient way and through its growth and reform strategy investing in projects which support economic growth and regeneration of our Town Centres. In doing this the Council is working hard to address these challenges and build a better future for Bury.

Key Facts

Population

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



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

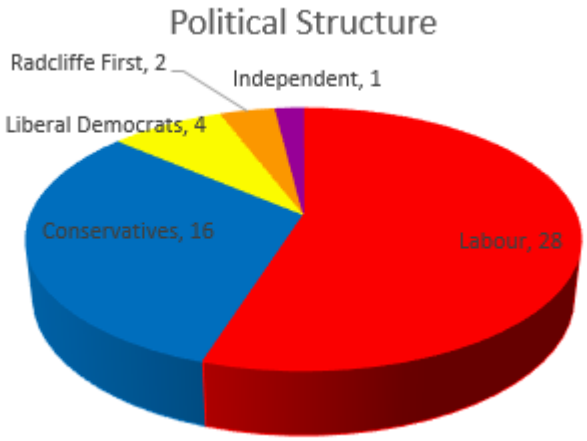
Local Economy

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

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

Political Structure

Bury is made up of 17 wards with 3 Councillors representing each ward giving an overall total of 51 members. During 2019/20 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 2019/20 consisted of a Leader and 6 Cabinet Member Councillors each of whom hold a Cabinet Member portfolio. These were as follows:

- Deputy Leader and Cabinet Member for Health and Wellbeing
- Cabinet Member for Communities
- Cabinet Member for Finance and Housing
- Cabinet Member for Environment
- Cabinet Member for Children and Families
- Cabinet Member for Corporate Affairs and HR

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 – Communities and Wellbeing, Children and Young People, Operations and Business, Growth and Infrastructure. The Council's Joint Chief Finance Officer 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 2019, the Council, excluding staff directly employed by schools, employed 2,112 full time equivalents and this had decreased to 1,935 full time equivalents by the end of the 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 2020/21 and future years. The Council aims to build a resilient and flexible workforce that is able to deliver the Council's plans and meet the changing needs of the organization. The Council aims to have the right people, with the rights skills and the right tools in place to do their job across the whole of The Council. The partnership with the CCG is a key enabler for the Council and the ability to integrate and work alongside our partners is key.

Council Plan

The Corporate Plan 2015-20 set out the Council' priorities for the 5 year term. Since then, the Council has undergone significant organisational change during 2019/20 as it bought together two separate organisations to deliver joined up and integrated delivery models that support joint commissioning outcomes. Priorities for the Council for the year were reviewed and centred around emerging priority themes of; inclusive growth, budget and reform and these supplemented the existing priorities that were set out in the Corporate Plan 2015-20. The Greater Manchester Strategy priorities also continue to be integrated in the Council's plans. Progress against the priorities is set out later in the statement. The key priorities for the year included:

- Drive forward, through effective marketing and information, proactive engagement with the people of Bury to take ownership of their own health and wellbeing.
- Continue to develop business friendly policies to attract inward investment and new jobs so that Bury retains its position as a premier destination for retail, leisure, tourism and culture.
- Ensure new and affordable housing is developed to support growth in the Bury and Greater Manchester economy
- Build on the culture of efficiency and effectiveness through new, progressive and integrated partnership working models to drive forward the Council's and Greater Manchester Public Service growth and reform agenda.
- Ensure staff have the right skills to embrace significant organisational change, through embedding a culture of ownership, empowerment and decision making at all levels of the organisation.
- Work toward reducing reliance on government funding by developing new models of delivery that are affordable, add value and based on need.

The Council is currently developing its Bury2030 strategy that will be subject to formal consultation during 2020/21. Progress has already been made in engaging residents and

partners as part of the development of the plan that will refresh the way in which the Council will work in the future delivery of its services.

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. The past twelve months have seen further emphasis on investment and inclusive economic growth, and joining up public services, such as further emphasis on investment and inclusive economic growth developments across the GM Health and Social Care Partnership. 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 GM Spatial Framework, anew Transport Delivery plan, a Housing Vision and Infrastructure Framework. The Combined Authority with the support of each of the GM Local Authorities is developing the next steps for this agenda through:

- The GM Local Industrial Strategy, being developed between the city region and Government departments;
- A White Paper on Unified Public Services, which has been developed collaboratively with the Greater Manchester Authorities, other public services and the Voluntary, Community and Social Enterprise sector.
- the vision for GM model on place based integration;
- A prospectus for Health and Social Care, which sets out the proposed next steps for developing the unique health and care model in GM;
- A 5 year Environmental Plan has been launched which will inform a range of local and regional core strategies, including the Clean Air Plan and Transport Plans.

To support the Council in the delivery of its plan and outcomes, a medium term financial strategy has been developed. 2019/20 was the last year of the previous medium term financial strategy covering 2017/18, 2018/19 and 2019/20.

Resourcing Our Activities

The budget for 2019/20 was set around the Council's priorities and key deliverables. Looking ahead, the Council has developed a medium term financial strategy that supports longer term planning and successful delivery of priorities.

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 £138.862m and was set by Full Council in February 2019. 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 2020/21 budget and the Medium Term Financial Strategy. Our revenue budget for the year was allocated over our Directorates and funded through our main sources of income including business rates, council tax and government grants:

Revenue Budget 2019/20 per Directorate	**Budget**	**Actual Expenditure**	**Variance (Under)/ Over Spend**
	£m	**£m**	**£m**
Communities and Wellbeing	71.427	83.819	12.392
Children, Young People and Culture	39.908	42.134	2.226
Operations	12.411	12.372	(0.039)
Resources and Regulation	8.739	9.457	0.718
Business, Growth and Infrastructure	(0.508)	0.647	1.155
Art Gallery and Musuem	0.565	0.642	0.077
Housing General Fund	0.033	0.597	0.564
Non-Service Specific	6.287	(5.803)	(12.090)
Total (Net of Government Grants)	**138.862**	**143.865**	**5.003**

**Budgets were adjusted in year to reflect some technical adjustments to centralise technical budgets over which budgets holders had no control.*

Adult Social Care is our second largest area of revenue spending after schools. Each year since 2016-17 the government has permitted local authorities to levy an additional 2% on top of their normal council tax increase each year, with this additional funding to be ring-fenced for use in adult social care. We have taken the additional levy and have increased the resources available to deliver adult social care by at least the amount raised this way. The figures shown above for specific government grants include a number of grants which come with conditions that limit our discretion on how they can be used. The largest of these is the Dedicated schools Grant which we receive from government to meet the costs of funding schools and relevant pupil-related services, this is forecast to reduce due to our schools transferring to academy status.

Capital Resources

Capital Programme Original Budget 2019/20	2019/20 Actual £m	2020/21 Forecast £m
Capital Grants and Contributions	11.772	28.855
Receipts from the Sale of Assets	1.081	3.177
Direct Application of Revenue Resources	9.223	0.000
Borrowing (To be repaid from revenue resources) Includes slippage brought forward from previous years	10.610	54.530
Total Capital Resources	**32.686**	**86.562**

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 2020/21 figures is £38.755m of schemes that have be brought forward from the 2019/20 financial year. When the capital programme for 2020/21 was set in February 2020, slippage of £20.382m was

reflected in the programme. Since then, there has been further slippage of £18.373m that will be carried forward. A review of the capital programme will be carried out in 2020/21 to take account of all changes required as a result of the Covid pandemic. In addition to this, the Council is developing a new capital strategy to ensure it remains fit for purpose in light of the changes, both planned and unplanned.

Savings and efficiencies

The resource estimates shown above reflect the impact of both continuing austerity and the broader economic outlook. The Council has successfully delivered savings in previous years. The planned use of reserves was reflected in the budget for 2019/2020 although going forward the reliance on reserves to achieve a balanced budget has been removed. A strategy to increase levels of reserves was reflected in the 2020/21 budget when it was set in recognition of the need to build and enhance financial resilience and sustainability going forward.

The Council is also developing a transformation programme that will provide opportunities for delivering savings and efficiencies through more efficient and effective ways of working including the use of digital technology and delivering savings on an integrated neighbourhood footprint. This approach maximises the opportunities for working with the Bury CCG. When the 2020/21 budget was set is was recognised that a further £23m in savings over the next 4 financial years would be required and work to deliver services within the projected future budgets is underway. It is however recognised that this figure will change over the course of the next 4 financial years and will therefore be kept under regular review. The impact of Covid-19 has already significantly impacted our future planning forecasts and reports to update Cabinet on changes in our financial strategy are being provided and our financial planning framework and principles updated. Further information on this is provided separately, later in this report.

Reserves

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

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

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

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

A new reserves strategy has been developed and will be implemented in 2020/21. To ensure our reserves can be optimised, a review of the reserves at the end of 2019/20 was carried out and a number of reserves were consolidated. Details of reserves at the end of the financial year are set out in the table below. We also took the opportunity to review

our provisions at the end of the year and this provided an opportunity, most notably relating to the insurance provision, to restate our provisions as a reserve where necessary and to realign to strategic risks including those emerging from the Covid pandemic.

The table below sets out the position on reserves at the end of 2019/20 and assumes that the proposals in the reserves strategy are agreed by Cabinet.

Analysis of Reserves as at 31 March 2020	
Reserve	**£m**
General Reserves	6.990
Directorate Risk Reserves	0.993
Volatility and Fiscal Risk	33.714
Total Management of Risk Reserves	**41.697**
Corporate Priorities	7.796
External Funding/Grants	20.792
Total Earmarked Reserves	**28.588**
TOTAL COUNCIL RESERVES	**70.285**
School Reserves	0.000
Individual School Budgets	5.551
Individual School Balances relating to Academies	(0.666)
DSG Central Reserve	(20.067)
TOTAL SCHOOL RESERVES	**(15.182)**
TOTAL NET RESERVES	**55.103**

Included in the External Funding/Grants are grants, totalling £13.6m, that were provided at the end of 2019/20 by Central Government to support Councils with the impact of Covid-19. These will be fully utilised in 2020/21.

Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner so as to ensure we retain sufficient liquid funds to provide for day to-day cash flow requirements whilst funding our capital spend at the lowest cost. These activities are managed within an overall framework determined by the Treasury Management and investment strategies that are updated by members annually. Interest income and expenditure as a result of investments or borrowing are reflected in our revenue budgets. Included in our investment income is the Council's interest in Manchester Airport Group. In April 2019, full council took a decision to invest further in the airport through the development of car parking capacity and this is reflected in the Council's accounts.

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 2019/20 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 which 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 2019/20

The Council has undergone significant organisational change during the year as it brings together two separate organisations to deliver joined up and integrated delivery models that support joint commissioning and outcomes. Priorities for the Council have focused around agreed priority themes of inclusive growth, budget and reform as well as existing priorities from the Corporate Plan 2015- 2020.

Progress achieved during the year is set out as follows:

Drive forward, through effective marketing and information, proactive engagement with the people of Bury to take ownership of their own health and wellbeing.

- Refresh of Locality Plan was carried out in November 2019 re health and social care integration and wider population health
- Local Commissioning Organisation delivered targeted interventions to those with most acute needs through an integrated model. Services were tailored to meet the needs of different areas of Bury which have different levels and types of demands, as well as encouraging people to have healthy lifestyles.
- Last September Bury Council was shortlisted for a national award for its exceptional support of Community Sponsorship, a government-backed scheme enabling ordinary people to support refugees to integrate into their communities.
- Formal establishment of the One Commissioning Organisation, a key milestone in bringing together the world of health and social care locally, a cornerstone of Greater Manchester's devolution.
- In March 2020, to support the integration agenda, the Council and CCG approved the creation of a £490m Integrated Care Fund (ICF), including £312m pooled in a formal Section 75 agreement. The pooled fund encompasses most CCG expenditure, including community services, mental health and learning disability services, acute non-surgical services, continuing healthcare and intermediate care and primary care services (prescribing and local enhanced services); alongside Transformation and Better Care funded services, adult social care, care in the community budgets, public health, health and care related children's services, and commissioning staff budgets. The wider ICF includes all CCG spend and council revenue budgets (excluding HRA and DSG).

- A new refuge for victims of domestic violence and abuse was opened in partnership with Irwell Valley Homes and Fortalice.
- Biggest ever Bury 10k last September and refresh of Physical Activity Strategy: A steering group has been set up and a refreshed Physical Activity Strategy has been commissioned to support the GM Moving vision and MOU.
- Launch of Care Leaver Offer website is a dedicated space which clearly sets out the support that care leavers can expect from the council and its partners as they make their individual journeys to independence and adult life. The website is hosted by The Bury Directory and offers a whole range of information, support, advice, contacts and events on a wide range of topics including finance, education, health and wellbeing, participation and support.

Continue to develop business friendly policies to attract inward investment and new jobs so that Bury retains its position as a premier destination for retail, leisure, tourism and culture.

- The Council is leading the developing of a ten year vision and delivery plan for the Borough, Bury 2030. The strategy is being co-designed across the team Bury network, including the business community, based around the principles of the Local Industrial Strategy i.e. people, place, ideas, infrastructure and business environment. Work to develop the strategy to date has included independent facilitation from the Centre of Local Economic Strategies and input from Cambridge Econometrics on economic resilience with respect to Brexit.
- Bury was announced as the inaugural Greater Manchester Town of Culture with a launch event taking place at a packed Met theatre in January. Greater Manchester Mayor, Andy Burnham said: ""Whether you're visiting the Fusilier Museum, watching a performance at The Met or listening to Elbow, Bury is already an important player on the Greater Manchester cultural scene – long may that continue now the town is officially our city-region's Town of Culture."
- Bury was first in GM and now retained for five successive year. Purple Flag is a town and city centre award.
- A record number of coaches have visited the famous Bury Market bringing shoppers keen to visit the award-winning attraction. In 2019 the market welcomed more than 1,800 coaches, with coach visits in November setting a new monthly record of 296.
- A draft Strategic Regeneration Framework has been produced for Radcliffe and is currently out for consultation. This includes a vision for the development and economic growth of the town and how the Council can help support this.
- A review of the future of Bury Market has also been carried out and the findings of this have recently been considered by Cabinet and also Overview and Scrutiny Committee. Next steps have been agreed

Ensure new and affordable housing is developed to support growth in the Bury and Greater Manchester economy

- The 'A Bed Every Night' initiative, which provides temporary accommodation and outplacement support for rough sleepers, is resourced to continue until April 2021. In addition as part of emergency recovery Bury has made "an end to rough sleeping" one of the ten short term priorities, to provide permanent alternatives for rough sleepers to prevent them feeling they must return to the streets.
- Work is underway to refresh the Borough's housing strategy, as part of the Bury 2030 framework and to be coherent with the GM Housing Strategy and have a particular focus on affordable provision.

Build on the culture of efficiency and effectiveness through new, progressive and integrated partnership working models to drive forward the Council's and Greater Manchester Public Service growth and reform agenda.

- The Council leads the team Bury network of all public service and community sector partners across the borough. The network is a forum for public service co-design and response, for example the oversight of a partnership response to flooding caused by Storms Ciara and Dennis February 2020 and GM Hate Crime Awareness week (in which 25 different events took place throughout the Borough, from special assemblies in our schools to a multi-faith Shabbat meal).
- The Council has embedded integrated partnership working within its structure this year, through a major restructure to establish four 4 departments plus a One Commissioning Organisation (OCO), within which all council care commissioning functions are integrated with the Clinical Commissioning Group. A new Joint Chief Finance Officer post which works across the OCO was appointed amongst a series of joint posts.
- The Council is, through the Team Bury network, leading on the developing of a new ten year vision and delivery plan for the Borough: Bury 2030. A system-wide planning event was held in January 2020 which received very positive feedback. Public Service reform principles will be at the heart of the new approach, by putting a multi-agency "neighbourhood" approach at the heart of a new operating model. The Greater Manchester PSR Team are supporting the approach, which aims to draw on best practice from across other districts and apply this to the specify objectives and opportunities of the Bury system.
- The successful establishment of five Community hubs as a key part of the Covid response have demonstrated the validity of the neighbourhood model, including targeted early help support. The Council led the implementation of five hubs, through 150 staff redeployed; 800 volunteers via VCFA; and data-led targeting of early help assistance.
- The Local Care Organisation, which went live in April 2019, operates a multi-disciplinary approach to Active case management of the most complex cases. At this stage the approach focusses on those with long term health conditions and the frail elderly, but the approach is being extended across other cohorts for all-age early help, including homeless people. The plan provides for the ultimate establishment of a system-wide data warehouse which will inform targeting and the evaluation of interventions.

- A new management agreement with Six Town Housing was agreed in the year and key performance indicators are being developed which will enhance overall accountability and provide an opportunity for greater scrutiny.

Ensure staff have the right skills to embrace significant organisational change, through embedding a culture of ownership, empowerment and decision making at all levels of the organisation.

- First ever Bury Council & Bury CCG Leadership Summit - 26 September 2019 – covering visioning and golden rules of democratic process; HR; finance and information governance.
- Ethnographic training provided on asset based practices as part of People Powered Bury and integrated health and care in Bury through the LCO.
- The local authority has become the first council in Greater Manchester to win Disability Confident Leader accreditation.
- Education Improvement programme resulted in great improvement - careful monitoring of the performance and attainment of schools in the locality, given the importance a good education has to the life chances of local residents. In the last nine months of the financial year all school inspections via Ofsted had delivered improved outcomes. Whilst we are clear there remains a lot of work to be done it is important to recognise that we are heading in the right direction with signs that we are getting to groups with this crucial matter.

Work toward reducing reliance on government funding by developing new models of delivery that are affordable, add value and based on need.

- The new neighbourhood model, at the heart of Bury 2030, is being developed to enable targeted delivery based on greatest need and scope to intervene early in complex cases in order that ultimate demand is reduced
- In support of new public policy development the Council is leading the development of more efficiency digital delivery solutions, for example a bespoke app which was developed locally to capture community requirements during the emergency and allocate and track delivery. The App was ultimately adopted and rolled out across Greater Manchester.
- This year Bury also became first area in the UK to pilot new digital technology that will help to give our children the best start in life through the Early Years App to complete forms online instead of having to fill in cumbersome paper forms.
- Over the past 12 months significant improvements in Council ICT has enabled more agile working whilst reducing risks associated with licencing/software being out of scope of updates. A complete refresh of hardware has been completed; the Council has signed an Enterprise Agreement with Microsoft as the beginnings of cloud migration and work on a multi-year ICT strategy has begun. The number of users working remotely has shifted from c100 to over 1000 each day and all licensing agreements are secure.

Internal Transformation

- The Council has recognised the need to transform the organisation. In recognition of this, a transformation fund has been created for 2020/21 and the focus will be on the

Target Operating Model for the future, accountabilities and responsibilities and working in a more digital way. The need for this has been highlighted with the COVID-19 crisis and has seen significant numbers of staff working from home. Reliance on ICT and also digital systems for our customers has increased significantly.

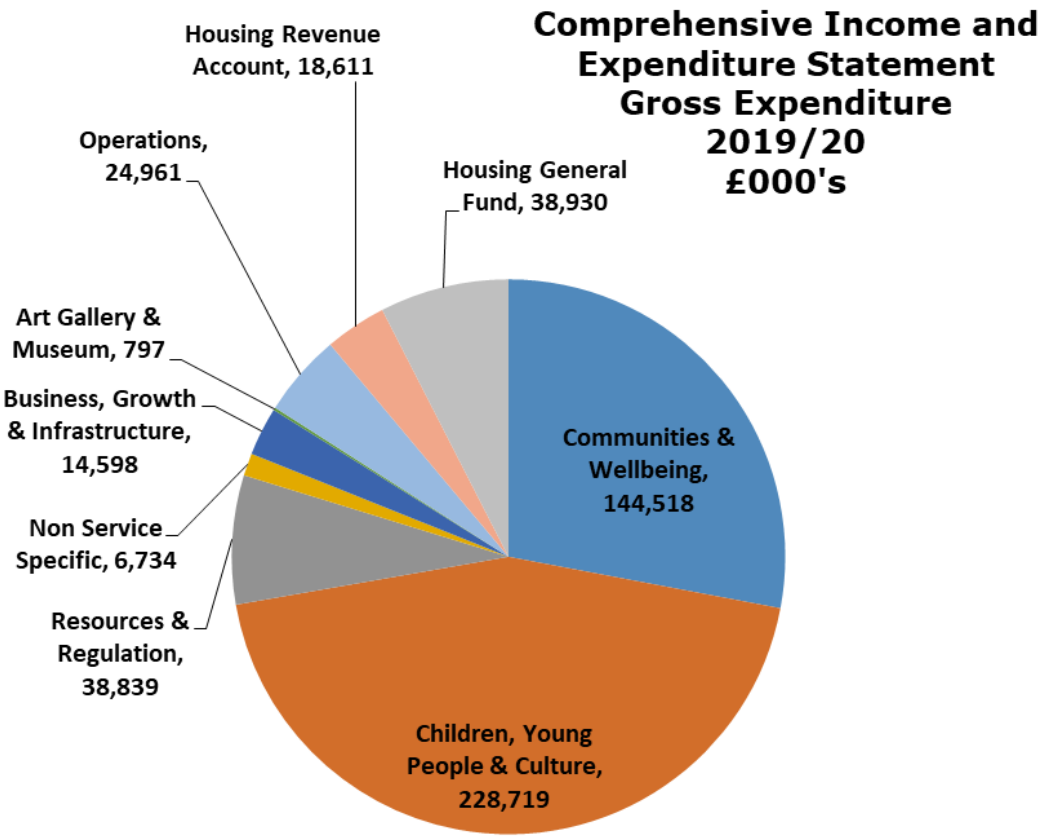
- A detailed transformation plan with agreed outcomes and deliverables is being developed and will start to be implemented in 2020/21.

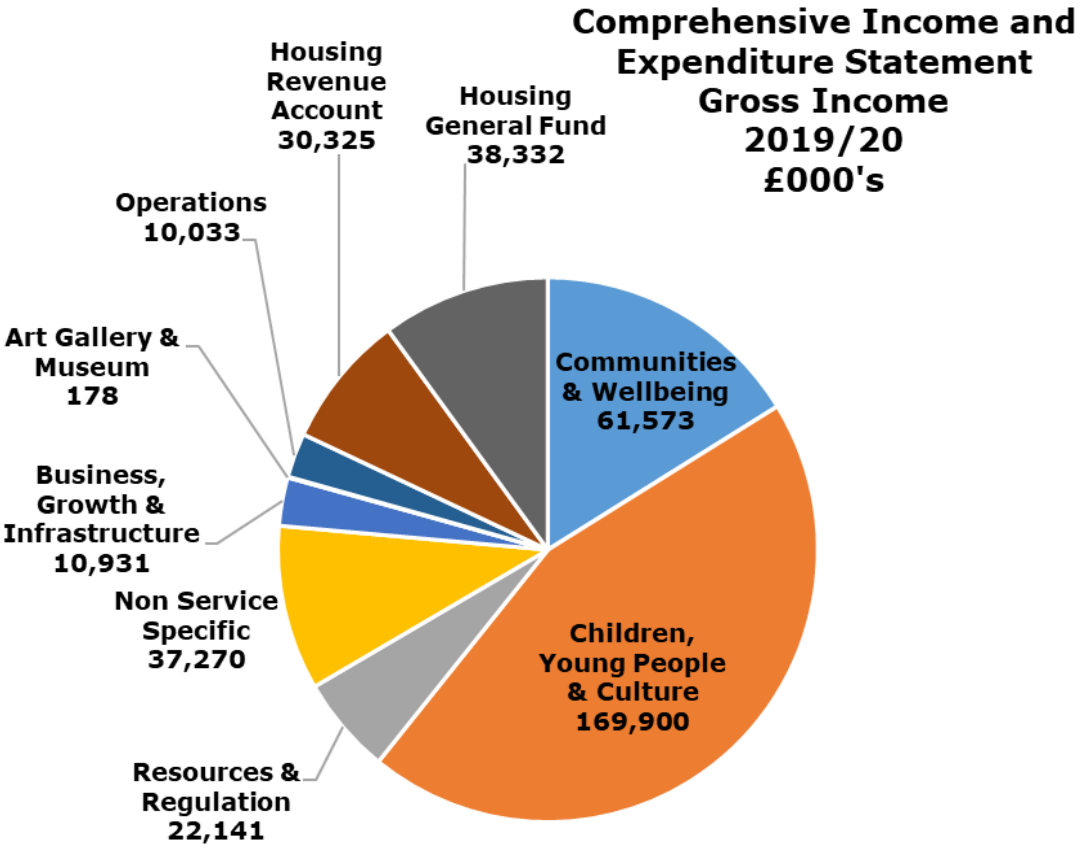
Financial Performance 2019/20

Our total revenue income from all sources in 2019/20 was £581.322m. We have spent £595.692m 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.

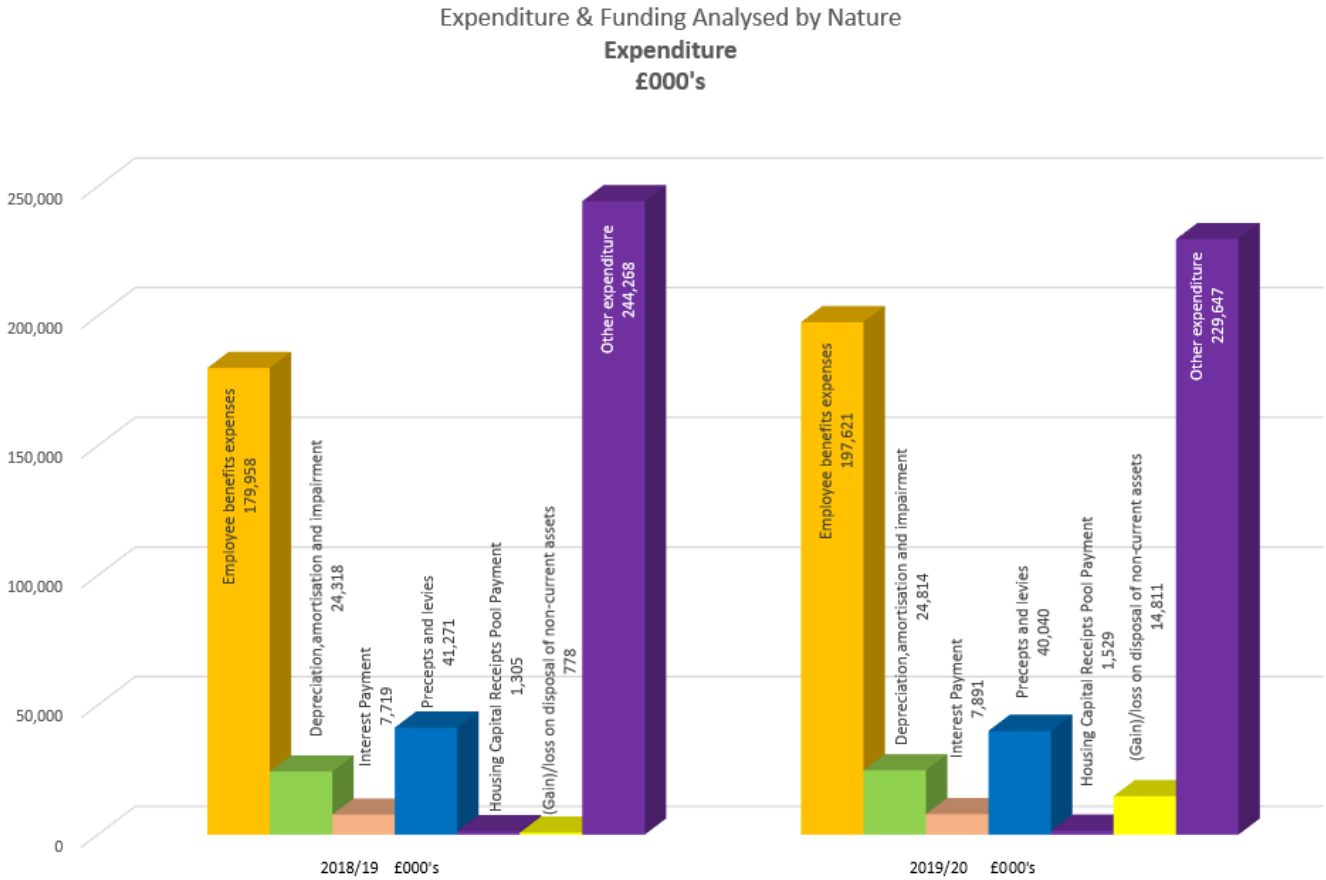
This Income and Expenditure is analysed by department and by nature below:-

By department:-

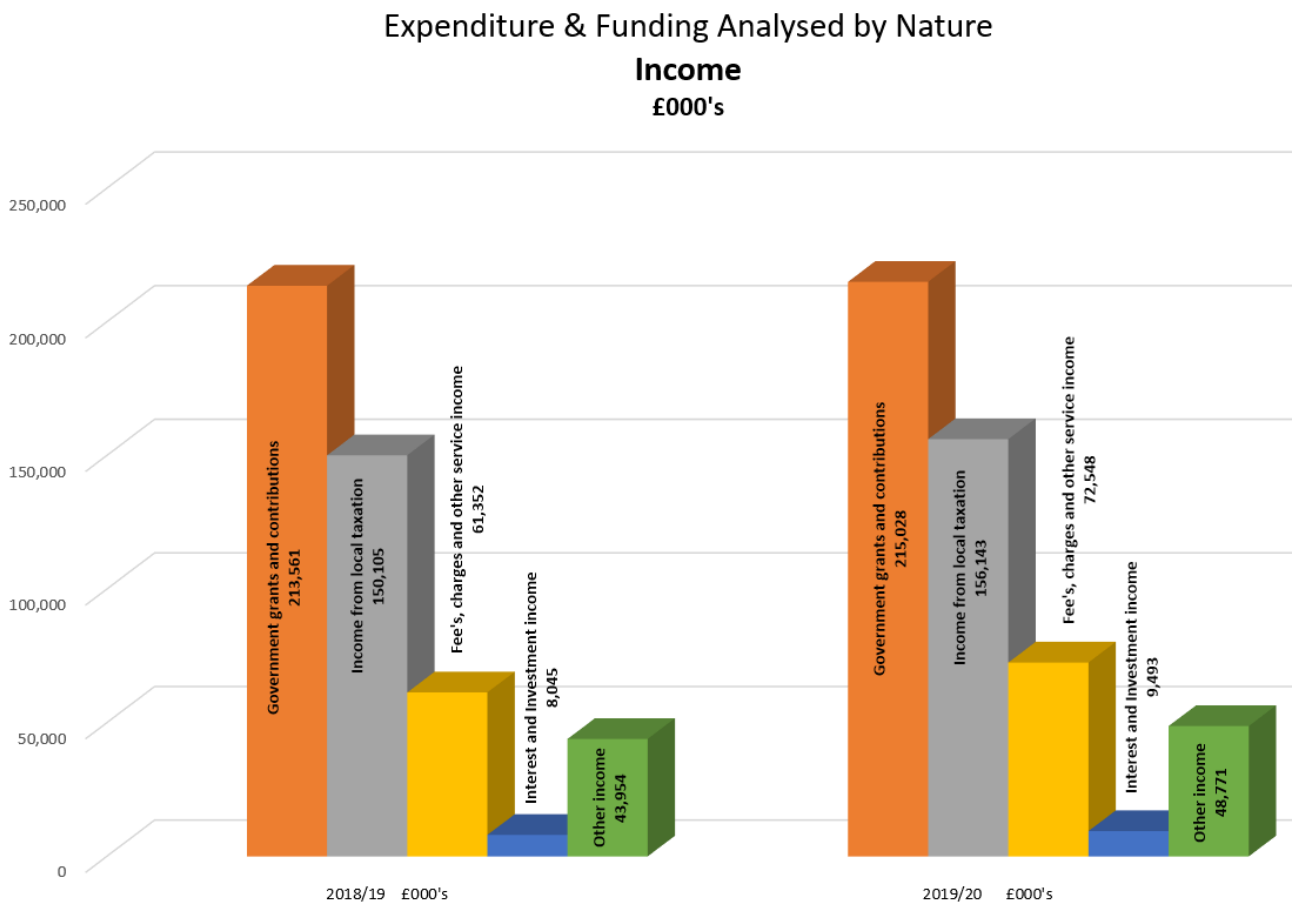




By nature:-



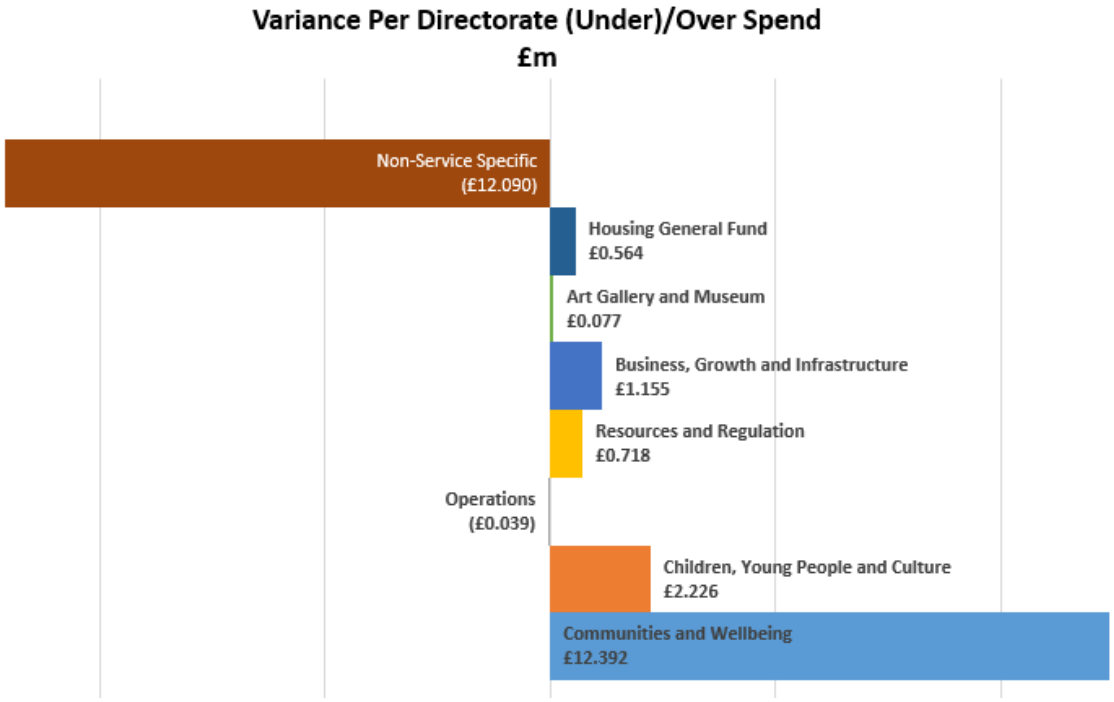
The 'Other expenditure' block above includes all payments made to suppliers for goods and services received during the year.



Revenue Underspends/Overspends

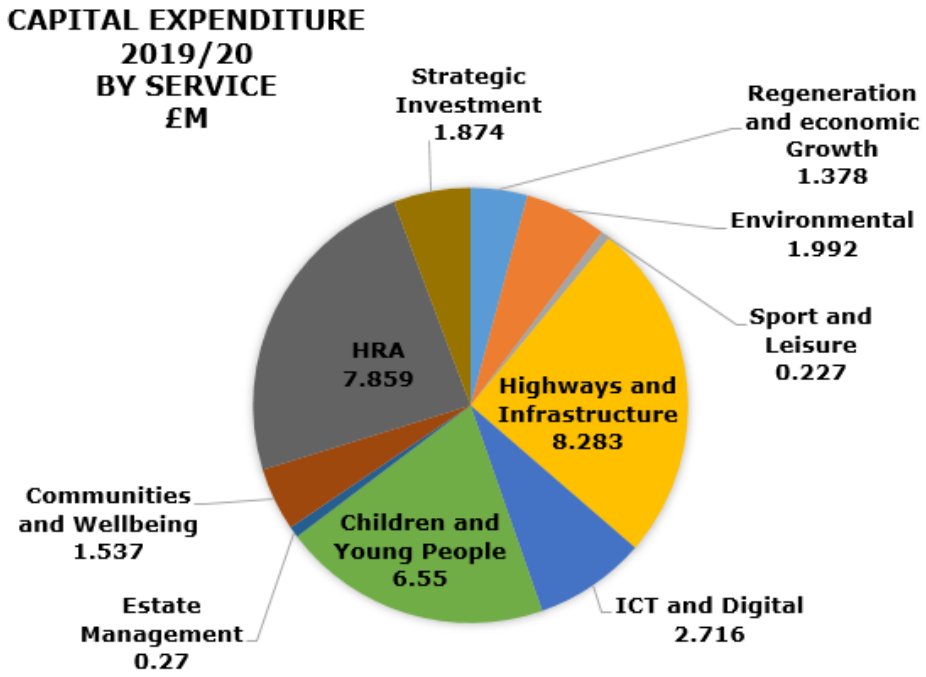
The net value of the funding and expenditure is an overspend of **£5.003m**. This includes a planned overspend of £10.5m to the pooled fund with the CCG to facilitate the release of additional health funding in 2020/21. The additional contribution will be reversed in 2020/21 when a lower than planned contribution, of an equal amount, will be made.

The under/overspends are as follows:

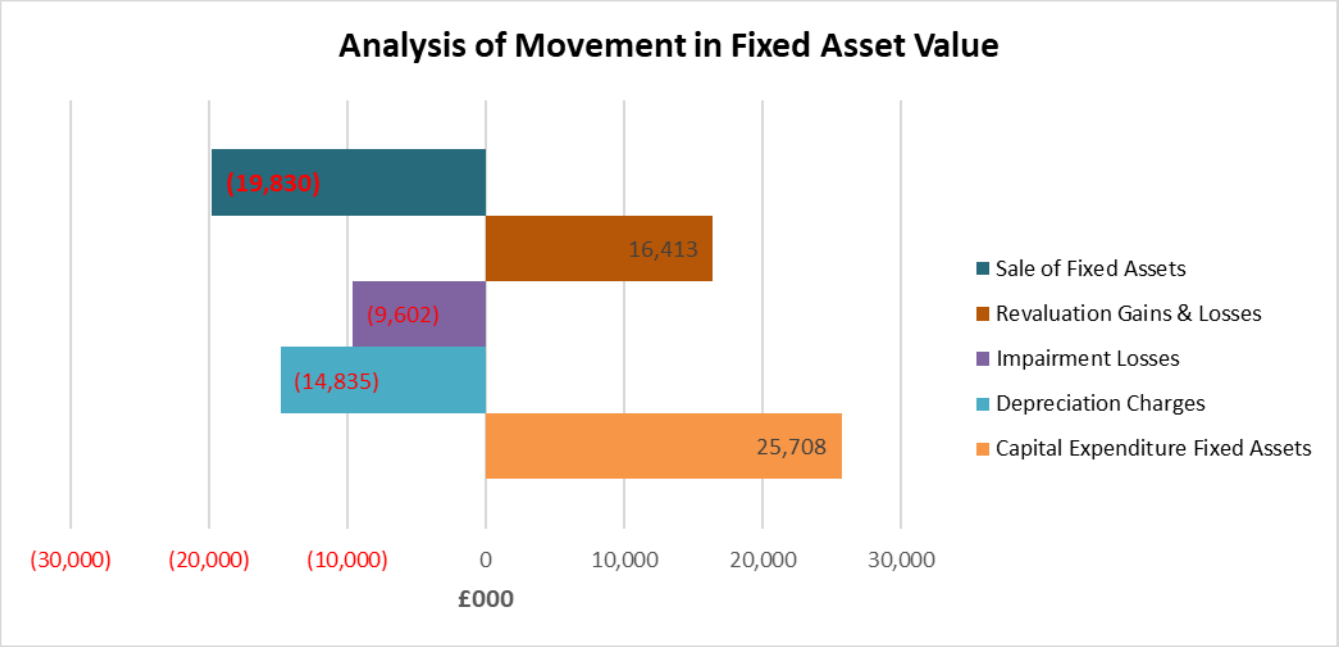


Capital Spending and the value of our assets

We spent £32.684m on capital related activities. This was £28.903m than was included in the original capital programme and taking account of slippage brought forward form the 2018/9 financial year. The main reasons for the underspend were delays in the delivery of capital projects throughout the year. Capital gateway processes are to be introduced in 2020/21 to ensure that capital projects are monitored more closely in order to ensure successful and timely delivery in the future. The council has carried forward £18.373m of slippage into the 2020/21 financial year.



The value of our assets has decreased from £601.675m to £599.526m in 2019/20. The main reasons for the decrease are:



2019/20	Analysis of Movement	Capital Expenditure £000
PPE	Community Assets	303
	Council Dwellings	7,818
	Infrastructure	8,193
	Other Land & Buildings	4,163
	Surplus Assets	271
	Vehicles Plant & Equipment	2,587
	Assets Under Construction	2,086
Other Long Term	Intangible Assets	208
	Investment Properties	-
	Long Term Investment	1,870
Other Expenditure Funded by Capital	Held for Sale	80
	REFCUS	5,106
	Total Per Movement Type	**32,683**

Savings and Efficiencies

Bury has delivered £85.118m in savings between 2010 and 2019, with a further £3.827m being delivered in 2019/20. This was lower than the budgeted level of savings for the year. The Council recognises the need for savings plans to be delivered, and the Council has worked with external advisors to test assumptions and deliverability of savings options for future years. The Council was confident, when the budget was set, that all savings included in the 2020/21 budget were deliverable. The impact of Covid is currently being assessed and a financial framework for 2019/20 has been established within which managers are expected to manage their budgets. This framework takes account of Covid.

Reserves

We planned to use £5.009m of reserves when the 2019/20 budget was set. In addition to this, we used a net £0.713m in delivering our services for the year. This was made up of contributions from reserves offset by a restating of the insurance provision to reflect the current risk profile. A review of our reserves and provisions and a subsequent consolidation of these to ensure they reflect the current risks faced by the Council show that the council has £70.743m in earmarked reserves. Some of our reserves reflect the fact that the Government allocated immediate grant funding to councils to support them with the initial costs of Covid and also to support cash flow. It is anticipated that these will be fully utilised in 2020/21. The remaining £57.135m is currently offset by a deficit reserves on the dedicated Schools Grant. This increased by £5.505m to £15.182m during the year and the current recovery plan is currently being reviewed. The remaining £41.953m is considered to be a robust figure and allows some flexibility to balance the challenges of meeting current and unknown future economic uncertainty alongside investment to improve our efficiency and the wider community economic recovery. We will apply our new Reserves Strategy in 2020/21 to ensure the use of our reserves is optimised.

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 2019/20 out turn on the collection fund is a surplus of £17.490m.

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**
2019/20 Movement in year	630	(6,342)	(5,712)
Fund balance brought forward	(9,518)	(2,260)	(11,778)
Closing Cumulative (surplus) / Deficit carried forward	**(8,888)**	**(8,602)**	**(17,490)**
Allocated to:			
Bury Council	(7,548)	(8,516)	(16,064)
GMCA Mayoral General	(375)	(86)	(461)
GMCA Mayoral Police and Crime Commissioner	(965)	0	(965)
Total Allocation	**(8,888)**	**(8,602)**	**(17,490)**

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

Greater Manchester 100% Business Rates Retention Pilot

On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. The participants agreed to pilot full Business Rates Retention on the basis that no district would be worse off than they would have been under the original '50/50' arrangements whereby Business Rates revenues are shared between Central Government and the Local Authority sector. This has become known as the 'no detriment' principle. Under the pilot scheme, additional rates income is offset by reductions in other funding streams such as the Revenue Support Grant (RSG) and Public Health Grant.

It was always the intention that the Greater Manchester region as a whole would benefit from the 100% Business Rates Retention Pilot and on this basis, it has been agreed that a minimum of 50% of the benefit would be retained by Greater Manchester Authorities and that the balance would be retained by GMCA. The Council retained £2.228m of the 2019/20 benefit of £4.456m, and 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 2020/21, it is difficult to accurately budget for the expected benefit at the beginning of the financial year and as such a prudent approach was taken and the budget was set with the level of assumed benefit remaining constant and no further growth was built in. Business rates income is a complex and volatile tax, changes in rateable values and increases in appeals by businesses are difficult to predict and can have a significant impact on the actual benefit realised at the end of the financial year.

From the Government's perspective, the primary purpose of the pilot was to develop and trial approaches to manage risk and reward in a Local Government finance system that included the full devolution of Business Rates revenues. Government plans subsequently changed with a 75% Business Rates Retention Scheme expected to be introduced, although the timing of this now is uncertain due to the COVID-19 pandemic.

Borrowing and Investments

Whilst the average short term rate that financial institutions lend money to each other was 0.63% during 2019/20, our treasury management activity generated a slightly lower investment rate of 0.61%. Our investments have been managed prudently. Our long term debt outstanding is £193.987m as at 31 March 2020, and is £8.811m higher than at the end of the 2018/19 financial year when the level of borrowing was £185.176m. At the end of 2019/20 we were holding £21.190m in cash or cash equivalents.

Pensions

As at 31 March 2020, our pensions liability was £250.464m, a decrease of £35.033m 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

2019/20 was the last year of the Council's previous financial strategy. When the budget was set, it was recognised that there was a reliance on the planned use of reserves and that this was not a sustainable approach for future years. Work in 2019/20 has been undertaken to develop a longer term, 5 year, rolling, medium term financial strategy and to reduce reliance on one-off use of reserves. Savings that have not been delivered in the year or in previous years have been considered, and where necessary, have been built back into the 2020/21 financial year. Positive actions have also been taken to build reserves back up to support longer term financial resilience and sustainability. A review of our collection fund has also provide a one-off opportunity to add to our reserves in 2020/21 and to invest in wider transformation that will support more efficient ways of working in the future and deliver cost savings.

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

In March 2020, with the outbreak of the Coronavirus pandemic across the world, the Council's staff and services changed overnight. The flexibility of the workforce, IT infrastructure and delivery routes meant that core services continued to be delivered alongside new requires such as Personal Protective Equipment, Shielding Hubs for vulnerable citizens and shared use of contract provision with the CCG and NHS partners .

Some front line functions such as libraries had to severely restrict their services due to social distancing rues, and a small number of internal support services were paused to free up resources to the Covid response efforts. The Council's business continuity plans were activated and action taken to ensure our Priority 1 services were deliverable and sustainable.

Alongside this, a number of our income generating functions ceased including car parking and leisure services. Our construction and development work was also paused.

Although the government has provided some funding including that made available to the CCG which we have been able to access this is not sufficient to full financial costs to the Council Covid will have a longer term impact on the Council's financial position in particular:

- Tax bases for business rates and council tax
- Increased costs for services that we purchase, especially those relating to care
- Delays in delivery of our internal efficiency and transformation
- Loss of income from our leisure, parking, airport dividend, loan interest and other traded services.

The level of impact will be dependent upon the extent and the length of economic downturn and recovery and will therefore need to be kept under close review and scrutiny. Our financial plans will be constantly updated and adjusted to reflect new and emerging trends to ensure informed decision making can be maintained at all times.

Mitigation

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

- Updating and reviewing its risks registers through a refreshed approach which will be a key focus of the Executive Team;
- A refresh of the medium term financial strategy will be carried out and updated throughout the year to reflect the response requirements and emerging trends, i.e. demand, cost pressure etc.

- Developing and implementing set of defined financial principles within which all budget holders will be expected to operate;
- Engaging nationally, regionally, sub regionally and locally with partners, businesses and the voluntary sector to influence recovery and jointly manage any emerging risks and funding gaps

Housing Revenue Account (HRA)

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

After taking into account adjustments between the accounting basis and the funding basis under legislation and transfers to and from earmarked reserves there is an increase of £1.423m on the HRA balance bringing it to £8.393m as at 31 March 2020. On an accounting basis, the 2019/20 outturn position on the HRA is a surplus of £7.267m.

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 Joint Chief Finance 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 Joint Chief Finance Officer

The Joint Chief Finance 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 2019.

In preparing the Statement of Accounts the Joint Chief Finance 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 Joint Chief Finance Officer has also:

- Kept proper accounting records which are up to date;

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

Auditor Responsibilities

The External Auditor's Certificate and Opinion is included at page 25.

Lisa Kitto

Director of Financial Transformation and S151 Officer

18 March, 2021,

Town Hall,
Knowsley Street,
BURY,
BL9 0SP.

0161-253-7659.

Email: l.kitto@bury.gov.uk

Independent Auditor’s Report

Core Financial Statements and Explanatory Notes

Comprehensive Income and Expenditure Statement

Restated 2018/19 *			Comprehensive Income and Expenditure Statement Description	Note	2019/20		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's			Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
129,893	(57,140)	72,753	Communities & Wellbeing		144,518	(61,573)	82,945
228,990	(177,530)	51,460	Children, Young People & Culture		228,719	(169,900)	58,819
34,411	(20,602)	13,809	Resources & Regulation		38,839	(22,141)	16,698
2,004	(6,022)	(4,018)	Non Service Specific		6,734	(37,270)	(30,536)
14,509	(12,376)	2,133	Business, Growth & Infrastructure		14,598	(10,931)	3,667
626	(138)	488	Art Gallery & Museum		797	(178)	619
25,336	(10,430)	14,906	Operations		24,961	(10,033)	14,928
45,794	(46,094)	(300)	Housing General Fund		38,930	(38,332)	598
31,515	(30,541)	974	Housing Revenue Account		18,611	(30,325)	(11,714)
513,078	**(360,873)**	**152,205**	**Cost of Services**		**516,707**	**(380,683)**	**136,024**
29,437	0	29,437	Other Operating Expenditure	5	43,267	(2,055)	41,212
33,000	(26,923)	6,077	Financing & Investment Income & Expenditure	6	33,490	(29,333)	4,157
2,248	(167,369)	(165,121)	Taxation & Non-Specific Grant Income & Expenditure	7	2,228	(169,251)	(167,023)
		22,598	**Surplus or Deficit On Provision of Services**		**595,692**	**(581,322)**	**14,370**
		(10,879)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment				(16,776)
		497	Impairment Losses on Non-Current assets charged to the Revaluation Reserve				4,980
		(800)	(Surplus)/Deficit from investments in Equity Instruments designated at fair value through Comprehensive Income				22,500
		22,754	Actuarial (gains)/losses on Pension assets & liabilities				(62,050)
		11,572	**Total Other Comprehensive Income & Expenditure**				**(51,346)**
		34,170	**Total Comprehensive Income & Expenditure**				**(36,976)**

Movement in Reserves Statement

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

The following table is provided for comparative purposes:

Movement in Reserves Statement Restated 2018/19*	Usable Reserves								Unusable Reserves	Total Reserves
	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Usable Capital Receipts £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	£000	£000
Balance at 1 April Brought Forward	**(7,549)**	**(38,660)**	**(46,209)**	**(6,538)**	**(4,918)**	**(1,158)**	**(11,865)**	**(70,688)**	**(138,184)**	**(208,872)**
Movement in reserves during 2019/20										
Total Comprehensive Income and Expenditure	16,806		**16,806**	5,792				**22,598**	11,572	**34,170**
Adjustments between accounting basis and funding basis under regulations	(10,851)		**(10,851)**	(6,224)	(497)	1,158	961	**(15,453)**	15,453	**0**
Net (increase)/decrease before transfers to Earmarked Reserves	**5,955**	**0**	**5,955**	**(432)**	**(497)**	**1,158**	**961**	**7,145**	**27,025**	**34,170**
Transfers to/from Earmarked Reserves	(6,109)	6,109	**0**							**0**
(Increase)/Decrease in Year	(154)	6,109	**5,955**	(432)	(497)	1,158	961	**7,145**	27,025	**34,170**
Balance at 31 March carried forward	**(7,703)**	**(32,551)**	**(40,254)**	**(6,970)**	**(5,415)**	**0**	**(10,904)**	**(63,543)**	**(111,159)**	**(174,702)**

Balance Sheet

2019 31st March 2019 £000's	Balance Sheet Description	2020 Note -	31st March 2020 £000's
552,992	Property, Plant & Equipment	9	553,206
24,592	Heritage Assets	10	24,592
18,762	Investment Property	11	18,998
2,319	Intangible Assets	12	2,219
52,700	Long Term Investments	13	32,070
30,947	Long Term Debtors	14	31,816
682,312	**LONG TERM ASSETS**		**662,901**
7,353	Short Term Investments	13	5,269
1,401	Stocks & Work in progress		1,269
45,861	Sundry Debtors & Advance Payments	14	58,349
6,827	Cash and Cash Equivilents	15	21,190
3,010	Assets Held For Sale	16	511
64,452	**CURRENT ASSETS**		**86,588**
(19,034)	Short Term Loans Outstanding	13	(23,439)
(177)	Deposit & Client Funds		(177)
(7,959)	Short Term Provisions	19	(5,626)
(38,118)	Sundry Creditors & Advance Receipts	17	(51,397)
(5)	Revenue Grants In Advance		(250)
(65,293)	**CURRENT LIABILITIES**		**(80,889)**
(185,176)	External Loans Outstanding	13	(193,987)
(1,171)	Capital Grants Receipts in Advance		(2,184)
(71)	Finance Lease Liabilities	13	(49)
(2,719)	Deferred Liabilities	13	(1,866)
(285,497)	Pension Liability	18	(250,464)
(32,135)	Long Term Provisions	19	(8,370)
(506,769)	**LONG TERM LIABILITIES**		**(456,920)**
174,702	**NET ASSETS**		**211,680**
(63,543)	Usable Reserves	20	(85,011)
(111,159)	Unusable Reserves	21	(126,669)
(174,702)	**TOTAL RESERVES**		**(211,680)**

Cash Flow Statement

Cash Flow Statement	Note	2018/19 Restated* £000's	2019/20 £000's
Net surplus or (deficit) on the provision of services		(22,598)	(14,370)
Adjustment to surplus or deficit on the provision of services for noncash movements		40,864	47,376
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(18,870)	(15,868)
Net Cash flows from Operating Activities	22	**(604)**	**17,138**
Net cash flows from Investing Activities	23	(10,704)	(14,764)
Net cash flows from Financing Activities	24	7,752	11,989
Net increase or (decrease) in cash and cash equivalents		**(3,556)**	**14,363**
Cash and cash equivalents at the beginning of the reporting period		10,383	6,827
Cash and cash equivalents at the end of the reporting period		**6,827**	**21,190**

* The CIES and related statements for 2018/19 have been restated due to a reanalysis & reclassification of items. This restatement does not impact the Council's overall financial position for 2018/19.

Index for the Notes to the Core Financial Statements

Notes to the Core Financial Statements

1 Accounting Policies for the 2019/20 Statement of Accounts

General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. 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 Code of Practice on Local Council Accounting in the United Kingdom 2019/20 (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.

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.
- 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:

- 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.

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).

Depreciation is calculated on the following bases:

- dwellings – based on 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.

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.

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

Finance Leases:

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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

Finance Leases:

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

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.

Accounting for Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

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

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

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

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.

Capital Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited 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.

Financial Instruments

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 (CIES) 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 CIES 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 CIES, 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 CIES 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.

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

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 (CIES) 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 CIES 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 CIES.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section "Fair Value Measurement."

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 CIES.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). This was previously classified as an Available For Sale asset at 31 March 2018.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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.

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.

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 Pensions

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

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

The Greater Manchester Local Government Pension Scheme

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Greater Manchester Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method; an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

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

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

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

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

Remeasurement comprising:

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

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

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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.

Where income and expenditure have been recognised but cash has not been 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 may not be collected.

Cash and Cash Equivalents

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

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

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.

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.

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, it is 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.

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.

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.

Tax 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.

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

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.

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.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Adjusting Events -Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Non-Adjusting Events - Those events that are indicative of conditions that arose after 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 of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

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

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:

a) in the principal market for the asset or liability, or
b) 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.

Accounting Standards Issued, Not Adopted

The CIPFA Code of Practice requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but not yet adopted by the Code.

The following are new standards and amendments to existing standards that have been issued with and will be formally adopted by the 2020/21 Code:-

- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement. This amendment will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. This amendment applies to changes from 1 April 2020 and, since this could result in positive, negative or no movement in the net pension liability, it is difficult to ascertain the impact on the accounts at this stage.
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle

The latter two are not expected to have a material impact on the Council's Statement of Accounts.

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 2019/20 (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.

2018/19 Restated				2019/20		
Expenditure Chargeable to General Fund & HRA	**Adjustment between Funding & Accounting Basis**	**Net Expenditure**	**Expenditure and Funding Analysis**	**Expenditure Chargeable to General Fund & HRA**	**Adjustment between Funding & Accounting Basis**	**Net Expenditure**
£000's	**£000's**	**£000's**		**£000's**	**£000's**	**£000's**
67,821	4,933	72,753	Communities & Wellbeing	77,673	5,272	82,945
34,727	16,733	51,460	Children, Young People & Culture	36,661	22,158	58,819
11,293	2,516	13,809	Resources & Regulation	12,910	3,788	16,698
(4,018)	0	(4,018)	Non Service Specific	(19,520)	(11,016)	(30,536)
596	1,537	2,133	Business, Growth & Infrastructure	1,800	1,867	3,667
488	0	488	Art Gallery & Museum	619	0	619
9,854	5,052	14,906	Operations	9,826	5,102	14,928
(300)	0	(300)	Housing General Fund	598	0	598
(5,250)	6,224	974	Housing Revenue Account	(5,870)	(5,844)	(11,714)
115,211	**36,995**	**152,205**	**Cost of Services**	**114,697**	**21,327**	**136,024**
(112,430)	(17,178)	(129,607)	Other Income and Expenditure	(135,482)	13,828	(121,654)
2,781	**19,817**	**22,598**	**Surplus or Deficit On Provision of Services**	**(20,785)**	**35,155**	**14,370**

Movement in General Fund and HRA Balance	2018/19 £000's	2019/20 £000's
Opening General Fund and HRA Balance	(7,777)	(4,996)
Surplus/Deficit on General Fund & HRA Balance in Year	2,781	4,796
Closing General Fund and HRA Balances at 31/03/20	**(4,996)**	**(200)**

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 19-20	Adjustment for Capital Purposes £000's	Change For Pension Adjustment £000's	Other £000's	Total Adjustment £000's
Communities & Wellbeing	1,212	4,060	0	5,272
Children Young People & Culture	13,442	9,691	(975)	22,158
Resources & Regulation	197	3,736	(145)	3,788
Non Service Specific	(11,016)	0	0	(11,016)
Business Growth & Infrastructure	977	890	0	1,867
Arts Gallery & Museum	0	0	0	0
Operations	3,517	1,585	0	5,102
Housing General Fund	0	0	0	0
Housing Revenue Account	(5,844)	0	0	(5,844)
Net Cost of Services	**2,485**	**19,962**	**(1,120)**	**21,327**
Other Income & Expenditure From the Expenditure & Funding Analysis	6,773	7,055	0	13,828
Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service	**9,258**	**27,017**	**(1,120)**	**35,155**

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 2018/19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 18-19	**Adjustment for Capital Purposes £000's**	**Change For Pension Adjustment £000's**	**Other £000's**	**Total Adjustment £000's**
Communities & Wellbeing	2,389	2,544	0	4,933
Children Young People & Culture	9,852	6,411	470	16,733
Resources & Regulation	333	2,122	60	2,516
Non Service Specific	0	0	0	0
Business Growth & Infrastructure	1,002	534	0	1,537
Arts Gallery & Museum	0	0	0	0
Operations	4,122	930	0	5,052
Housing Revenue Account	6,224	0	0	6,224
Net Cost of Services	**23,922**	**12,542**	**530**	**36,994**
Other Income & Expenditure From the Expenditure & Funding Analysis	(23,671)	6,494	0	(17,177)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Service	**251**	**19,036**	**530**	**19,817**

3 Expenditure and Funding Analysis by Nature

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

Expenditure and Income Analysed by Nature	2018/19 £000's	2019/20 £000's
Expenditure		
Employee benefits expenses	179,958	197,621
Depreciation,amortisation and impairment	24,318	24,814
Interest Payment	7,719	7,891
Precepts and levies	41,271	40,040
Housing Capital Receipts Pool Payment	1,305	1,529
(Gain)/loss on disposal of non-current assets	778	14,811
Other expenditure	244,268	229,647
Total Expenditure	**499,616**	**516,353**
Income		
Government grants and contributions	(213,561)	(215,028)
Income from local taxation	(150,105)	(156,143)
Fees, charges and other service income	(61,352)	(72,548)
Interest and Investment income	(8,045)	(9,493)
Other income	(43,954)	(48,771)
Total Income	**(477,018)**	**(501,983)**
Deficit on the Provision of Services	**22,598**	**14,370**

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 2018-19 Restated					Movement in Unusable Reserves	Usable Reserves 2019-20					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
Adjustment to the Revenue Reserves												
Pension Costs	(19,036)	0	0	0	0	19,036	(27,017)	0	0	0	0	27,017
Financial Instruments	1	(8)	0	0	0	7	2	0	0	0	0	(2)
Council Tax & NNDR	8,341	0	0	0	0	(8,341)	5,706	0	0	0	0	(5,706)
Holiday Pay	(531)	0	0	0	0	531	1,120	0	0	0	0	(1,120)
Equal Pay Settlements	1,971	0	0	0	0	(1,971)	0	0	0	0	0	0
Capital Expenditure	(4,609)	(14,150)	0	0	(17,029)	35,788	(25,159)	(2,921)	0	0	(10,850)	38,930
Total Adjustments to Revenue Resources	**(13,863)**	**(14,158)**	**0**	**0**	**(17,029)**	**45,050**	**(45,348)**	**(2,921)**	**0**	**0**	**(10,850)**	**59,119**
Adjustments between Revenue and Capital Resources												
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	627	0	(3,551)	0	0	2,924	4,301	718	(5,019)	0	0	0
Payments to the Government Housing Receipts Pool	(1,305)	0	1,305	0	0	0	(1,529)	0	1,529	0	0	0
Posting of HRA resources to the Major Repairs reserve	0	7,933	0	(7,933)	0	0	0	7,182	0	(7,182)	0	0
Statutory provision for the repayment of debt	3,566	0	0	0	0	(3,566)	1,331	0	0	0	0	(1,331)
Capital expenditure financed from revenue balances	124	0	0	0	0	(124)	246	865	0	0	0	(1,111)
Total Adjustments between Revenue and Capital Resources	**3,012**	**7,933**	**(2,247)**	**(7,933)**	**0**	**(766)**	**4,349**	**8,765**	**(3,490)**	**(7,182)**	**0**	**(2,442)**
Adjustments to Capital Resources												
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	1,749	0	0	(1,749)	0	0	1,931	0	0	(1,931)
Use of the Major Repairs reserve to finance capital expenditure	0	0	0	9,091	0	(9,091)	0	0	0	7,136	0	(7,136)
Application of capital grants to finance capital expenditure	0	0	0	0	17,990	(17,990)	0	0	0	0	11,772	(11,772)
Total Adjustments to Capital Resources	**0**	**0**	**1,749**	**9,091**	**17,990**	**(28,830)**	**0**	**0**	**1,931**	**7,136**	**11,772**	**(20,839)**
Total Adjustment	**(10,851)**	**(6,224)**	**(498)**	**1,158**	**961**	**15,453**	**(40,999)**	**5,844**	**(1,559)**	**(46)**	**922**	**35,838**

5 Other Operating Expenditure

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

Other Operating Expenditure	2018/19 £000's	2019/20 £000's
(Gain)/Loss on Disposal of Non Current (Fixed) Assets	1,635	14,811
Contribution of Housing Capital Receipts to Government Pool	1,305	1,529
Levies	26,497	24,872
Total	**29,437**	**41,212**

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	2018/19 £000's	2019/20 £000's
Interest Payable and other similar charges	7,719	7,891
Interest and Investment Income	(8,136)	(10,771)
Pension Interest Cost and Expected Return on Pension Asset	6,494	7,055
Total	**6,077**	**4,175**

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	2018/19 £000's	2019/20 £000's
Income from Council Tax	(79,626)	(83,130)
Non-domestic rate - LA Share	(46,485)	(46,785)
Business Rates Top-Up	(8,139)	(2,940)
Grant in lieu of Business Rates	(7,688)	(4,186)
GMCA Income	(1,186)	0
Capital Grants and Contributions	(14,988)	(10,849)
Homes Bonus Grant	0	(891)
Other Government Grants	(7,010)	(18,241)
Total	**(165,121)**	**(167,023)**

8 Material Items of Income and Expenditure

Individually Material Items of Income & Expenditure Item	2019/20 £000's
Derecognition of School on Academy Conversion	6,143
Total	**6,143**

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.

Broad Oak school was derecognised in the Authority's balance sheet during 2019/20 as it converted to an academy (Hazel Wood). It is included in the disposals figure in the PPE note along with other Academy Conversions that were under the materiality threshold and so do not appear individually within this note.

9 Property, Plant and Equipment

Depreciation

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

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

*Council Dwellings are valued on a beacon basis, in order to ensure that the depreciation is not materially misstated the beacon lives are componentised to reflect the different rates at which the components will be consumed. For 2019/20 the estimated component lives are as follows:

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

Revaluations

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

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

Changes in Accounting Estimates

In 2019/20 the Council took a decision to value its assets as at 31st January 2020 in order to minimise the impact of potential valuation changes between the valuation date and year end. This has had no material impact on the financial statements. Council Dwellings remain valued at 1st April valuation date but are confirmed by the valuer to still be materially correct as at 31st March.

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

The following table is provided for comparative purposes:

Property, Plant and Equipment Note 2018/19	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 2018	**11,165**	**2,715**	**240,607**	**54,933**	**257,821**	**30,758**	**14,712**	**612,711**
Additions & Acquisitions	9,581	1,920	11,131	7,033	5,815	-	231	**35,711**
Revaluations Recognised in the Revaluation Reserve	-	-	847	-	1,370	434	-	**2,651**
Revaluations Recognised in the Surplus/Deficit on the Provision of Services	11	-	2,866	-	(11,860)	2	-	**(8,981)**
Disposals	0	(1)	(2,404)	-	(508)	(90)	-	**(3,003)**
Reclassifications & Asset Transfers	(14,460)	461	9,379	-	4,619	(415)	-	**(416)**
Movement in Cost/Valuation	(4,868)	2,380	21,819	7,033	(564)	(69)	231	**25,962**
Amount as at 31st March 2019	**6,297**	**5,095**	**262,426**	**61,966**	**257,257**	**30,689**	**14,943**	**632,376**

Accumulated Depreciation & Impairments as at 1st April 2018	**(126)**	**(192)**	**(7,410)**	**(27,180)**	**(17,379)**	**(145)**	**(11,285)**	**(63,717)**
Depreciation charged in year	-	-	(7,933)	(1,382)	(4,121)	-	(541)	**(13,977)**
Depreciation written out to the Revaluation Reserve	-	-	32	-	5,086	-	-	**5,118**
Depreciation written out to Surplus/Deficit on Provision of Services	-	-	6	-	6,642	-	1,153	**7,801**
Depreciation Written out on Disposal	-	-	109	-	20	-	-	**129**
Reclassifications & Asset Transfers	-	-	6	-	-	-	-	**6**
Impairments Written to Revaluation Reserve	-	-	-	-	-	-	-	**-**
Impairments Recognised in the Surplus/Deficit on the Provision of Services	-	(1,920)	(11,008)	(1,931)	(3,825)	(630)	(1,729)	**(21,043)**
Movement in Depreciation & Impairment	-	(1,920)	(18,788)	(3,313)	3,802	(630)	(1,117)	**(21,966)**
Amount as at 31st March 2019	**(126)**	**(2,112)**	**(26,198)**	**(30,493)**	**(13,577)**	**(775)**	**(12,402)**	**(85,683)**

Opening NBV	**11,039**	**2,523**	**233,197**	**27,753**	**240,442**	**30,613**	**3,427**	**548,994**
Total Movement	**(4,868)**	**460**	**3,031**	**3,720**	**3,238**	**(699)**	**(886)**	**3,996**
Closing NBV	**6,171**	**2,983**	**236,228**	**31,473**	**243,680**	**29,914**	**2,541**	**552,990**

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 2018	16	23,932	629	24,577
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	-	-
Additions	15			15
31 March 2019	**31**	**23,932**	**629**	**24,592**
Cost or Valuation 1 April 2019	31	23,931	629	24,592
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	-	-
Additions	-	-	-	-
31 March 2020	**31**	**23,931**	**629**	**24,592**

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	**2018/19 £000's**	**2019/20 £000's**
Rental income from investment property	(484)	(451)
Direct operating expenses arising from investment property	75	99
Net Gain	**(409)**	**(352)**

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	**2018/19 Investment Properties £000's**	**2019/20 Investment Properties £000's**
Certified Valuation or Cost at 01/04/2019	**16,270**	**18,762**
Additions in Year	-	-
Disposals in Year	(18)	-
Reclassifications of Assets	415	(19)
Net Gain (Loss) from fair value adjustment	2,094	254
At 31 March 2019	**18,762**	**18,997**

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 01/04/2019	6,933
Amortisation to 1 April 2019	(4,614)
Balance at 1 April 2019	**2,319**
Purchase in Year	208
Reclassifications in Year	121
Amortisation in Year	(428)
Balance at 31 March 2020	**2,219**

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 2019 £000s	31st March 2020 £000s	31st March 2019 £000s	31st March 2020 £000s	31st March 2019 £000s	31st March 2020 £000s	31st March 2019 £000s	31st March 2020 £000s	31st March 2020 £000s
Amortised Cost									
Principal			30,946	31,816	7,351	5,250	350	292	37,358
Investment Accrued Interest					2	19			19
Cash & Cash Equivalents (CCE)					6,818	21,174			21,174
CCE Accrued Interest					9	16			16
Debtors							28,616	39,793	39,793
Amortised Cost Total	0	0	30,946	31,816	14,180	26,459	28,966	40,085	98,360
Fair Value through other comprehensive income - designated equity instruments									0
Fair Value through other comprehensive income - other	52,700	32,070							32,070
Total Financial Assets	52,700	32,070	30,946	31,816	14,180	26,459	28,966	40,085	130,430
Non - Financial Assets							16,895	18,264	18,264
Total	**52,700**	**32,070**	**30,946**	**31,816**	**14,180**	**26,459**	**45,861**	**58,349**	**148,694**

Financial Liabilities

Financial Liabilities	Non-Current		Current				Total
	Borrowings		Borrowings		Creditors		
	31st March 2019 £000's	31st March 2020 £000's	31st March 2019 £000's	31st March 2020 £000's	31st March 2019 £000's	31st March 2020 £000's	31st March 2020 £000's
Amortised Cost							
Borrowings - PWLB	140,903	145,716	10,182	186			145,902
Borrowings - Market Debt	44,000	48,000	0	1,000			49,000
Borrowings - Temporary Loans			7,500	21,000	2	1	21,001
Loans Accrued Interest			1,353	1,253			1,253
Market Loans Effective Interest Rate Adjustment	272	271					271
PFI, Finance lease and transferred debt	2,790	1,915					1,915
Creditors					19,127	35,853	35,853
Total Financial Liabilities	187,965	195,902	19,035	23,439	19,129	35,854	255,295
Non - Financial Liabilities					18,983	15,543	15,543
Total	**187,965**	**195,902**	**19,035**	**23,439**	**38,112**	**51,397**	**270,738**

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 2020 as fair value through other comprehensive income:

Investments in equity instruments designated at fair value through other comprehensive income	Nominal £000's	Fair Value £000's	Change in fair value during 2019/20 £000's	Dividend 2019/20 £000's
Manchester Airport	12,084	32,070	(20,630)	6,429

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	2018/19			2019/20		
	Surplus or Deficit on the provision of services £000's	Other Comprehensive Income & Expenditure £000's	Total £000's	Surplus or Deficit on the provision of services £000's	Other Comprehensive Income & Expenditure £000's	Total £000's
Net gains / losses on:						
Financial Assets measured at fair value through other comprehensive income	0	800	800	0	(20,630)	(20,630)
Total net gains / (losses)	**0**	800	**800**	**0**	(20,630)	**(20,630)**
Interest income:						
Financial Assets measured at amortised cost	8,136	0	8,136	9,382	0	9,382
Other Financial Assets measured at fair value through other comprehensive income	0	0	0	0	0	0
Total interest income	**8,136**	**0**	**8,136**	**9,382**	**0**	**9,382**
Interest expense	**(7,719)**	**0**	**(7,719)**	**(7,763)**	**0**	**(7,763)**

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 31/03/2019 Fair Value £000's	As at 31/03/2020 Fair Value £000's
Fair Value through other Comprehensive Income				
Manchester Airport	Level 2	Earnings Based	52,700	32,070
Total			**52,700**	**32,070**

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 2019. These shares are subject to annual valuation. In 2019/20 this has seen a significant decrease in value of £22.500m which is mainly due to a downturn in the group's growth forecast as a result of the loss of operations at Manchester and East Midlands airports and the global COVID-19 pandemic, coupled with future uncertainty in the aviation industry.

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 2019		31st March 2020	
	Carrying amount £000's	Fair value £000's	Carrying amount £000's	Fair value £000's
PWLB Loans	151,971	196,423	146,684	182,560
LOBO/Market Loans	44,691	69,869	49,708	71,758
Temporary Loans	7,545	7,549	21,031	21,026
Local Bonds	3	3	3	3
Short-term Creditors	19,127	19,127	35,853	35,853
Financial liabilities	**223,337**	**292,971**	**253,279**	**311,200**

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 2020) 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 2019		31st March 2020	
	Carrying amount £000's	Fair value £000's	Carrying amount £000's	Fair value £000's
Cash & Cash Equivalents	6,827	6,847	21,190	21,211
Short-term Investments	7,353	7,354	5,269	5,269
Short-term Debtors	350	350	40,085	40,085
Long-term Debtors	30,946	30,946	31,816	71,235
Financial Assets	**45,476**	**45,497**	**98,360**	**137,800**

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

31st March 2019 **Recurring fair value measurements using:**	**Other significant observable inputs (Level 2)** **£000**
Financial liabilities Financial liabilities held at amortised cost:	
PWLB	140,898
Non- PWLB	44,275
Short term debt	19,035
PFI and finance lease liability	2,790
Total	**206,998**
Financial assets Financial assets held at amortised cost	14,180
Total	**14,180**

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 2019/20 was approved by Council on 20/02/19 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 £26.751m deposited with a number of financial institutions as 31 March 2020. The Council's maximum exposure to credit risk in relation to this amount cannot be assed general 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 2020 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

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

Amounts Arising from Expected Credit Losses	**Amounts at 31 March 2020**	**Historical experience of default**	**Historical experience adjusted for market conditions as at 31 March 2020**	**Estimated maximum exposure to default and uncollectability**
	£000's	**%**	**%**	**£000s**
Deposits with banks and other financial institutions	26,751	0.00%	0.00%	0
Bonds and other securities	0	0.00%	0.00%	0
Sundry Debtors	58,349	0.79%	0.79%	461
Total	**85,100**			**461**

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 2020**
	£000's
Less than three months	13,003
Three to four months	442
Four months to one year	2,057
More than one year	3,051
Total	**18,553**

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 2019 £000's	31 March 2020 £000's
Less than 1 year	60,040	84,808
Between 2 and 3 years	0	0
Between 1 and 2 years	0	0
More than 3 years	83,646	63,886
Total	**143,686**	**148,694**

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 2019 £000's	31 March 2020 £000's
Less than 1 year	19,035	23,438
1 - 2 years	1,000	5,000
2 - 5 years	8,000	8,000
5 - 10 years	550	5,550
More than 10 years	175,625	175,437
Total	**204,210**	**217,425**

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

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

Market Risk

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

- Interest rate risk;
- Price risk; and
- Foreign Exchange rate risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this investment strategy, at 31 March 2020, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Interest Rate Risk 2019/20	£000's
Increase in interest payable on variable rate borrowings	340
Increase in interest receivable on variable rate investments	(219)
Impact on Surplus or Deficit on the Provision of Services	**121**
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	**0**
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	39,220

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	2018/19 £000's	2019/20 £000's
Central Government Bodies	10,783	8,706
Other Local Authorities	1,197	5,218
Payments in Advance	2,305	4,112
Capital Debtors	2,298	2,347
Collection Fund	12,436	13,159
Bodies External to General Government	16,842	24,807
Total	**45,861**	**58,349**

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

Analysis of Long Term Debtors	2018/19 £000's	2019/20 £000's
Loan Accounts	23,656	23,478
Bury MBC Townside Fields	7,257	7,257
Airport Loan Interest	0	1,069
Debt Managed for Probation Services	13	12
Admin Buildings	12	0
Schools energy Efficiency Scheme	9	0
Total	**30,947**	**31,816**

15 Cash and Cash Equivalents

Cash and Cash Equivalents	2018/19 £000's	2019/20 £000's
Cash held by the Authority	259	121
Bank Call Accounts	7,418	24,176
Bank Overdraft	(850)	(3,107)
Total	**6,827**	**21,190**

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 £511k, this is down from 8 assets in 2018/19. 5 Assets were reclassified to Surplus assets as they were not expected to be sold within 1 year and did not have sufficient commitment to meet the definition of assets held for sale. Of the 3 remaining assets 1 asset, Ramsbottom Youth Centre, is held at nominal value.

Assets Held for Sale	**2018/19 £000's**	**2019/20 £000's**
Balance at 1st April	**3,044**	**3,010**
Additions	15	80
Disposals	(39)	0
Revaluations Recognised in the Revaluation Reserve	0	(48)
Revaluations Recognised in CIES	(10)	177
Reclassifications & Asset Transfers	0	(2,708)
Movements in Year	**(34)**	**(2,499)**
Balance as 31st March	**3,010**	**511**

17 Analysis of Creditors

The Council's creditors are as follows:

Analysis of Creditors	**2018/19 £000's**	**2019/20 £000's**
Central Government Bodies	(2,505)	(1,615)
Other Local Authorities	(6,319)	(6,068)
Income in Advance	(7,870)	(5,530)
Capital Creditors	(2,404)	(3,014)
Collection Fund	(8,675)	(8,742)
Bodies External to General Government	(10,339)	(26,428)
Total	**(38,112)**	**(51,397)**

18 Pension Liability

Defined Contribution Scheme

Teachers' Pension Scheme

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

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

In 2019/20, the Council paid £10.071m (£8.858m in 2018/19) to Capita Teachers Pensions in respect of teachers' retirement benefits, representing 20.68% (16.48% in 2018/19) 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 2019/20, the Council paid £0.08m (£0.09m in 2018/19) to the EA Finance NHS Pensions for members of the NHS pension scheme's retirement benefits, representing 14.4% (14.4% in 2018/19) 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	2018/19 £000	2019/20 £000
Service Cost		
Current service cost	(30,732)	(33,136)
Past service cost (including curtailments)	(699)	(4,661)
Total service cost	**(31,431)**	**(37,797)**
Financing and Investment Income and Expenditure		
Interest income on scheme assets	18,787	18,544
Interest cost on defined benefit obligation	(25,281)	(25,599)
Total net interest	**(6,494)**	**(7,055)**
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**(37,925)**	**(44,852)**
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	34,946	(94,021)
Actuarial (losses)/gains arising from changes in financial assumptions	(57,202)	73,316
Actuarial (losses)/gains arising from changes in demographic assumptions		31,296
Other experience and actuarial adjustments	(498)	51,459
Total remeasurements recognised in other comprehensive income	**(22,754)**	**62,050**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(60,679)**	**17,198**
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	41,790	(35,033)
Employers' Contributions Payable to the Scheme	**(18,889)**	**(17,835)**

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	2018/19 £000's	2019/20 £000's
Fair value of plan assets	774,902	691,732
Present value of funded liabilities	(1,025,173)	(912,808)
Present value of unfunded liabilities	(35,226)	(29,388)
Net Liability Arising From Defined Benefit Obligation	**(285,497)**	**(250,464)**

Reconciliation of the Movements in Fair Value of Scheme Assets

Reconciliation of the Movements in Fair Value of Scheme Assets	2018/19 £000	2019/20 £000
Opening fair value of scheme assets	724,995	774,902
Interest income	18,787	18,544
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	34,946	(94,021)
Contributions from the employer into the scheme	18,889	15,238
Contributions from employees into the scheme	4,777	4,666
Benefits paid	(27,492)	(27,597)
Closing Fair Value of Scheme Assets	**774,902**	**691,732**

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

Reconciliation of the Movements in Fair Value of Scheme Assets	2018/19 £000	2019/20 £000
Opening fair value of scheme liabilities	968,702	1,060,399
Current service cost	30,732	33,136
Interest cost	25,281	25,599
Contributions from scheme participants	4,777	4,666
Remeasurement gain		
Actuarial (gains)/losses arising from changes in financial assumptions	57,202	(73,316)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	(31,296)
Other experience and actuarial adjustments	498	(51,459)
Past service cost	699	4,661
Benefits paid	(27,492)	(30,194)
Closing Fair Value of Scheme Liabilities	**1,060,399**	**942,196**

	Period Ended 31 March 2019	Period Ended 31 March 2020

Pension Scheme Assets

Asset Category	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	42,801	-	42,801	6%	62,800	-	62,800	9%
Manufacturing	44,781	-	44,781	6%	53,131	-	53,131	8%
Energy and Utilities	43,546	-	43,546	6%	39,775	-	39,775	6%
Financial Institutions	61,326	-	61,326	8%	76,880	-	76,880	11%
Health and Care	22,882	-	22,882	3%	31,191	-	31,191	5%
Information Technology	13,834	-	13,834	2%	27,746	-	27,746	4%
Other	8,490	-	8,490	1%	14,431	-	14,431	2%
Debt Securities								0%
Corporate Bonds (investment grade)	28,985	-	28,985	4%	26,158	-	26,158	4%
Corporate Bonds (non-investment grade)	-	-	0	0%	0	-	0	0%
UK Government	5,103	-	5,103	1%	0	-	0	0%
Other	19,654	-	19,654	3%	22,310	-	22,310	3%
Private Equity								0%
All	-	36,291	36,291	5%	0	35,713	35,713	5%
Real Estate				0%				0%
UK Property	-	36,805	36,805	5%	0	29,147	29,147	4%
Overseas Property	-	-	0	0%	0	-	0	0%
Investment Funds and Unit Trusts								0%
Equities	175,174	-	175,174	23%	69,409	-	69,409	10%
Bonds	96,391	-	96,391	12%	79,870	-	79,870	12%
Infrastructure	-	37,150	37,150	5%	0	33,559	33,559	5%
Other	15,100	66,840	81,940	11%	17,347	61,295	78,642	11%
Derivatives								0%
Other	393	-	393	0%	0	-	0	0%
Cash and Cash Equivalents								0%
All	19,355	-	19,355	2%	10,972	-	10,972	2%
Totals	**597,815**	**177,087**	**774,901**	**100%**	**532,018**	**159,714**	**691,732**	**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 2020.

The significant assumptions used by the actuary have been:

Mortality assumptions	2018/19	2019/20
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- men	21.5	20.5
- women	24.1	23.1
Longevity at 65 for future pensioners:		
- men	23.7	22
- women	26.2	25
Rate of inflation	2.50%	1.90%
Rate of increase in salaries	2.60%	2.70%
Rate of increase in pensions	2.50%	1.90%
Rate for discounting scheme liabilities	2.40%	2.30%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in Assumptions at 31 March 2019	Approximate % Increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in real discount rate	9%	85,780
0.5% increase in the salary increase rate	1%	8,235
0.5% increase in the pension increase rate	8%	76,808

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 next triennial valuation will take effect from the 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 £0.080m in contributions to the scheme in 2020/21.

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 2020.

Disclosure of Material Valuation Uncertainty

Bury Council's Net Pension Liability of £250.464m includes a share of the overall Greater Manchester Pension Fund investment assets. The Pension Fund in their financial statements for 2019/20 have disclosed a material uncertainty in accordance with VPS 3 and VPGA 10 of the RICS Red Book Global due to the impact of COVID-19, in respect of the valuation of their property investments. Consequently, less certainty and a higher degree of caution should be attached to the valuation of those assets than would normally be the case. The Council disclose that their share of the total UK property assets held by the Pension Fund is valued at £29.147m. The valuation of the Council's share of the property assets is subject to the same material valuation uncertainty as applies to the Pension Fund financial statements and as such less certainty can be applied to the valuations than would typically be the case.

19 Short and Long Term Provisions

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

Short Term Provisions	**Business Rates Provision £000's**	**Other Provisions £000's**	**Total £000's**
Balance at 1 April 2019	**(7,808)**	**(151)**	**(7,959)**
Additional provisions made in 2019/20	0	(67)	**(67)**
Amounts used in 2019/20	0	125	**125**
Amounts transferred to/from short term provisions	2,275		**2,275**
Balance at 31 March 2020	**(5,533)**	**(93)**	**(5,626)**

Long term Provisions	**Insurance Provision £000's**	**Business Rates Provision £000's**	**Other Provisions £000's**	**Total £000's**
Balance at 1 April 2019	**(27,735)**	**(1,952)**	**(2,448)**	**(32,135)**
Additional provisions made in 2019/20	(2,754)	(99)	(309)	**(3,162)**
Amounts used in 2019/20	25,989	2,942	271	**29,202**
Amounts transferred to/from short term provisions	0	(2,275)	0	**(2,275)**
Balance at 31 March 2020	**(4,500)**	**(1,384)**	**(2,486)**	**(8,370)**

Insurance Provision - The insurance provision has been restated as a reserve and forms part of the Council's usable reserves. Following an independent assessment of risk, the level of provision was considered to be significantly in excess of that required and has therefore been reallocated to reflect other financial and fiscal risks faced by the council.

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

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

20 Usable Reserves

20.1 General Fund Balance

General Fund Balance	General Fund £000's
Balance at 31st March 2019	**(7,703)**
(Surplus)/Deficit for the Year	5,003
Planned Contribution to General Fund	(627)
Re-allocation of provision	(3,663)
Balance at 31st March 2020	**(6,990)**

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

20.2 Dedicated Schools Grant (DSG) Balances

Dedicated Schools Grant Balances (Schools and Central Spend)	DSG Schools Budget £000's
Balance at 31st March 2019	**9,677**
(Surplus)/Deficit for the Year	5,505
Balance at 31st March 2020	**15,182**

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

20.3 Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20. The following table and note explains the amount and purpose of the earmarked reserves held by the Council

Earmarked Reserves	Balance at 31st March 2018 £000's	Transfers in 2018/19 £000's	Transfers out 2018/19 £000's	Balance at 31st March 2019 £000's	Transfers in 2019/20 £000's	Transfers out 2019/20 £000's	Balance at 31st March 2020 £000's
Management of Financial Risk - Corporate							
- Community Safety	**49**	0	0	**49**	0	0	**49**
- Climate Change	**150**	0	0	**150**	0	0	**150**
- Culture	**3**	40	0	**43**	37	(40)	**40**
- Corporate	**2,071**	1	(68)	**2,004**	0	(83)	**1,921**
- Adults Social Care Transformation	**2,579**	107	(739)	**1,947**	0	(700)	**1,247**
- Childrens Social Care Transformation	**0**	0	0	**0**	120	(26)	**94**
- Homelessness	**23**	0	0	**23**	964	0	**987**
- Housing	**135**	12	(30)	**117**	6	0	**123**
- Skills	**2,387**	129	(430)	**2,086**	0	0	**2,086**
- ICT	**951**	299	(319)	**931**	210	(248)	**893**
- Council Transformation	**2,083**	105	(1,309)	**879**	220	(893)	**206**
Management of Financial Risk - Directorate	**748**	148	(193)	**703**	364	(74)	**993**
Volatility and Fiscal Mitigation	**10,759**	1,575	(327)	**12,007**	23,200	(5,533)	**29,674**
Earmarked External Funding	**6,013**	1,570	(3,553)	**4,030**	14,590	(1,098)	**17,522**
Investment Funds	**3,003**	89	0	**3,092**	178	0	**3,270**
Sub-Total	**30,954**	**4,075**	**(6,968)**	**28,061**	**39,889**	**(8,695)**	**59,255**
Section 106 Commuted Sums	**3,802**	546	(395)	**3,953**	329	(242)	**4,040**
Manchester Airport Share Reserve	**10,214**	0	0	**10,214**	0	(5,701)	**4,513**
Schools Reserve	**(6,310)**	0	(3,367)	**(9,677)**	0	(5,505)	**(15,182)**
Total Earmarked Reserves	**38,660**	**4,621**	**(10,730)**	**32,551**	**40,218**	**(20,143)**	**52,626**

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

21 Unusable Reserve

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

21.1 Revaluation Reserve

The Revaluation Reserve includes the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; and
- disposed of and gains are realised.

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

Revaluation Reserve	2018/19 £000's	2018/19 Restated £000's	2019/20 £000's
Balance at 1 April	**(107,257)**	**(107,257)**	**(114,731)**
Upward revaluation of assets	(10,879)	(10,879)	(27,601)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	2,237	2,734	15,807
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	**(8,642)**	**(8,145)**	**(11,794)**
Difference between fair value depreciation and historical cost depreciation	576	576	916
Impairment losses	497	0	
Accumulated gains on assets sold or scrapped	95	95	1,481
Amount written off to the capital adjustment account	**1,168**	**671**	**2,397**
Balance at 31 March	**(114,731)**	**(114,731)**	**(124,128)**

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	2018/19 £000's	2019/20 £000's
Balance at 1 April	**(237,995)**	**(234,711)**
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	40,039	18,438
Revaluation losses on Property, Plant and Equipment	3,350	(594)
Amortisation of intangible assets	405	428
Revenue expenditure funded from capital under statute	2,511	4,981
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	2,830	20,459
Adjusting amounts written out of the Revaluation Reserve	(13,455)	(1,481)
Repayment of Long Term Debtors	1	1
Net written out amount of the cost of non-current assets consumed in the year	**35,681**	**42,232**
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	(1,749)	(1,931)
Use of the Major Repairs Reserve to finance new capital expenditure	(9,091)	(7,136)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		
Application of grants to capital financing from the Capital Grants Unapplied Account	(15,949)	(11,772)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(3,566)	(1,331)
Capital expenditure charged against the General Fund and HRA balances	(2,042)	(1,111)
Reclassification of Manchester Airport Reserve item to Unusable Reserve	-	(5,702)
Balance at 31 March	**(234,711)**	**(221,462)**

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	**2018/19 £000's**	**2019/20 £000's**
Balance at 1 April	268	274
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2)	(2)
Proportion of discounts received in previous financial yers to be transferred to the General Fund Balance in accordance with statutory requirements	8	0
Balance at 31 March	**274**	**272**

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	**2018/19 £000's**	**2019/20 £000's**
Balance at 1st April	-	(42,486)
Transfer from Available for Sale Financial Investment Account	(41,686)	-
Revaluation of Shareholding in Manchester Airport	(800)	22,500
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	**(42,486)**	**(19,986)**

21.6 Accumulated Absences

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year; e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences	**2018/19 £000's**	**2019-20 £000's**
Balance at 1 April	4,720	5,251
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	531	(1,120)
Balance at 31 March	**5,251**	**4,131**

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.

Collection Fund Adjustment Account	**2018/19 £000's**	**2019/20 £000's**
Opening Balance	(1,913)	(10,254)
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	(8,341)	(5,706)
Total	**(10,254)**	**(15,960)**

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	2018/19 £000's	2019/20 £000's
Balance at 1 April	243,707	285,497
Remeasurement of net defined liability	22,754	(62,050)
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	37,925	44,852
Employer's Pension Contributions and direct payments to pensioners payable in the year	(18,889)	(17,835)
Balance at 31 March	**285,497**	**250,464**

22 Cash Flow Statement – Operating Activities

The cash flows for Operating Activities include the following items:

Operating Activities	31/03/2019 £000's	31/03/2020 £000's
Interest received	2,409	2,970
Interest paid	(7,632)	(7,764)
Dividends received	5,635	6,429

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

Non-Cash Movements	31/03/2019 £000's	31/03/2020 £000's
Depreciation	26,585	18,439
Impairment and downward valuations	3,610	(822)
Amortisation	405	428
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	2,975	13,262
(Increase)/decrease in debtors	(11,267)	(13,314)
(Increase)/decrease in inventories	199	132
Movement in pension liability	19,036	19,962
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,830	20,459
Other non-cash items charged to the net surplus or deficit on the provision of services	(3,509)	(11,170)
	40,864	**47,376**

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	31/03/2019 £000's	31/03/2020 £000's
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(331)	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,551)	(5,019)
Any other items for which the cash effects are investing or financing cash flows	(14,988)	(10,849)
	(18,870)	**(15,868)**

23 Cash Flow Statement – Investing Activities

Cash Flow Statement - Investing Activities	31/03/2019 £000's	31/03/2020 £000's
Purchase of property, plant and equipment, investment property and intangible assets	(28,372)	(31,602)
Purchase of short-term and long-term investments	0	0
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,349	4,976
Proceeds from short-term and long-term investments	331	0
Other receipts from investing activities	14,988	11,862
Net cash flows from investing activities	**(10,704)**	**(14,764)**

24 Cash Flow Statement – Financing Activities

Cash Flow Statement - Financing Activities	31/03/2019 £000's	31/03/2020 £000's
Cash receipts of short- and long-term borrowing	30,178	31,000
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	(186)	(22)
Repayments of short- and long-term borrowing	(22,973)	(18,636)
Other payments for financing activities	733	(353)
Net cash flows from financing activities	**7,752**	**11,989**

Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April 2019 £000's	Financing cash flows £000's	Non cash changes £000's	Balance at 31 March 2020 £000's
Long Term borrowings	185,176	10000	(1,189)	193,987
Short Term borrowings	19,034	3217	1,188	23,439
Lease liabilities	71	(22)		49
Transferred debt	2,719	(853)		1,866
Amounts included as part of (debtor)/creditor balances:				
Amounts owed to/from Collection Fund preceptors	9,095	(353)		8,742
Total Liabilities from financing activities	**216,095**	**11,989**	**(1)**	**228,083**

	Balance at 1 April 2018 £000's	Financing cash flows £000's	Non cash changes £000's	Balance at 31 March 2019 £000's
Long Term borrowings	176,280	19,078	(10,182)	185,176
Short Term borrowings	19,913	(11,059)	10,180	19,034
Lease liabilities	257	(186)	0	71
Transferred debt	3,533	(814)		2,719
Amounts included as part of (debtor)/creditor balances:				
Amounts owed to/from Collection Fund preceptors	8,362	733		9,095
Total Liabilities from financing activities	**208,345**	**7,752**	**(2)**	**216,095**

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	2018/19 £000's	2019/20 £000's
Opening Capital Financing Requirement	**247,077**	**250,028**
Capital Investment		
Property Plant and Equipment	31,441	25,420
Investment Assets		
Heritage Assets		
Revenue Expenditure Funded from Capital Under Statute	2,510	5,106
Long Term Investment		1,870
Intangible Assets	1,397	208
Long Term Debtors		

Assets Held for Sale		80
Source of Finance		
Capital Receipts	(1,749)	(1,931)
Government Grants And Other Contributions	(27,082)	(20,145)
Sums Set aside from Revenue	(3,566)	(1,331)
Closing Capital Financing Requirement	**250,028**	**259,305**
Explanation of movement in year		
Increase in Need to Borrow Supported by Government Financial Assistance	0	
Increase in Need to Borrow Unsupported by Government Financial Assistance	6,517	8,737
Assets Acquired Under Finance Leases		
Minimum Revenue Provision and other repayments in the year	(3,566)	(1,331)
Increase in Capital Financing Requirement	**2,951**	**7,406**

Major capital commitments as at 31st March 2020 total £10.574 and include:
- All schools including Secondary Schools Modernisation - £1.793m
- Corporate ICT and Planning - £0.836m
- Highways Schemes - £0.635m
- Housing Public Sector - £3.572m
- Housing Development Schemes - £2.161m
- Planning & Other Schemes - £0.002m
- Property Development - £0.688m
- Environmental Including Flood Repair - £0.887m

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 2020.

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 2020.

Municipal Mutual Insurance Ltd

On 30 September 1992 the Council's then insurers, MMI Ltd, announced that they were not 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 2020 is £2.173m 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 £1.642m (£2.173m les £0.531m levy) in respect of claims previously settled. There are 4 outstanding claims with MMI totalling £0.055m.

28 Dedicated Schools Grant

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

Details of the deployment of the DSG receivable for 2019/20 is as follows:

Disclosure of Deployment of Dedicated Schools Grant		2019-20		
		Central Expenditure	Individual Schools Budget	Total
Note		**£000**	**£000**	**£000**
A	Final DSG before academy recoupment			167,652
B	Academy Recoupment			(32,424)
C	**Total DSG after academy recoupment**			**135,228**
D	Balance Brought Forward			14,631
E	Carry forward to 2019/20 agreed in advance			(14,631)
				135,228
	Agreed initial budget distribution	22,227	113,001	135,228
G	In year adjustments	(390)	0	(390)
H	**Final budget distribution**	**21,837**	**113,001**	**134,838**
I	Less: Central expenditure	(27,273)	0	(27,273)
J	Less: ISB deployed to schools	0	(113,001)	(113,001)
K	**Carry forward to 2020-21**	**(5,436)**	**0**	**(5,436)**
	Brought forward from 2018-19			**(14,631)**
	Carried forward to 2020-21			**(20,067)**

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

B: Figure recouped from the Council in 2019/20 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 2019/20.

D: Figure brought forward from 2018/19 agreed with the DfE

E: Any amount which the Council decided after consultation with the Schools Forum to carry forward to 2020/21.

F: Budgeted distribution of DSG as agreed with the Schools Forum.

G: Changes to the initial distribution.

H: Budgeted distribution of DSG as the end of the financial year.

I: Actual amount of central expenditure items in 2019/20.

J: Amount of ISB actually distributed to schools.

K: Carry forward to 2020/21.

The deficit of £20.067m is netted off against the cumulative level of School's balances of £4.885m and hence reduces the Schools Reserve to £15.182m as shown at Note 20.3 (Earmarked Reserves).

29 External Audit Costs

In 2019/20 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	2018/19 £000's	2019/20 £000's
Fees payable with regard to external audit services carried out by the appointed auditor for the year	90	115*
Fees payable to KPMG relating to 2018/19 other services and grants	6	21
Total	**96**	**136**

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

30 Grant Income Credited to Services

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

Grant Income Credited to Services	2018/19 £000's	2019/20 £000's
Dedicated Schools Grant (DSG)	(144,919)	(134,838)
Housing Benefit Subsidy - Rent Allowances	(28,792)	(22,937)
Housing Benefit Subsidy - Rent Rebates	(15,842)	(14,552)
Pupil Premium Grant	(7,499)	(6,527)
Improved Better Care Fund-Settlement 2015	(2,939)	(5,434)
Improved Better Care Fund - Spring Budget 2017	(2,324)	(1,154)
Discretionary Housing payments	(351)	(314)
Housing & Council Tax Benefit Grants	(822)	(750)
New Homes Bonus	(1,052)	(891)
Adult Social Care Support Grant	(510)	0
Winter Pressures Grant	(817)	(817)
Independent Living Fund	(297)	(288)
Social Care Support Grant	0	(1,395)
Asylum Seekers (UASC)	(292)	(348)
Total	**(206,456)**	**(190,243)**

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 £437,710.68. The future minimum lease payments receivable are shown in the table below:

	2018/19 £000	2019/20 £000
Not later than one year	474	474
Later than one year and not later than five years	1,895	1,895
Later than five years	28,896	28,423
Total	**31,265**	**30,792**

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

Operating Leases	**Land and Buildings £000's**	**Vehicles, Plant and Equipment £000's**
Leases expire in less than one year	5	38
Leases expire in between one and five years	171	101
Leases expire after more than five years	1,105	0
Total	**1,281**	**139**

31.2 Finance Leases

Authority as Lessee:

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

Finance Leases	**31st March 2019 £000's**	**31st March 2020 £000's**
Vehicles, Plant, Furniture and Equipment	89	67
Total	**89**	**67**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Liability	**31st March 2019 £000's**	**31st March 2020 £000's**
Finance Lease Liabilities (net present value of minimum lease payments)	71	49
Minimum Lease Payments	**71**	**49**

Finance Lease Liability	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2019 £000's	31st March 2020 £000's	31st March 2019 £000's	31st March 2020 £000's
Not later than 1 year	24	23	22	22
Later than 1 year not later than 5 years	47	24	49	27
Later than 5 years	0	0	0	0
Total	**71**	**47**	**71**	**49**

32 Members' Allowances

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

Members' Allowances & Expenses	2018/19 £000's	2019/20 £000's
Allowances & Expenses	616	611
TOTAL	**616**	**611**

33 Officers' Remuneration and Termination Benefits

33.1 Employees in Higher Earning Bands

The remuneration of senior employees is detailed below.

Senior Officers served for the whole of 2018/19 and 2019/20 unless stated below.

Disclosure of Senior Officer whose salary in 2019/20 was £100,000 (pro rata) or more per year, the previous years are also included as a comparator.

Employees in Higher Earnings Bands	2018-19					2019-20					Note
	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	
G Little, Chief Executive & Accountable Officer NHS Bury CCG	121			25	146	177	14		36	227	A
P Jones-Greenhalgh, Interim Chief Executive	106			11	117	0			0	0	B
L Ridsdale - Deputy Chief Executive (Corporate Core)	10			2	12	132			27	159	C
P Patterson - Executive Director: Business, Growth & Infrastructure	119			24	143	137			24	161	D
Director of Community Commissioning (formerly Interim Exec Director Communitites & Wellbeing)	112			23	135	119			24	143	E
Executive Director: Children & Young People	115			23	138	118			24	142	
Executive Director of Operations	60			12	72	102			21	123	F
Director of Economic Regeneration & Capital Growth	11			2	13	102			21	123	G
Director of Housing Growth & Development (Interim)	11			2	13	102			20	122	H
Director of Public Health	101			14	115	102			15	117	
Assistant Director: Legal & Democratic Services (Monitoring Officer and DPO)	80			16	96	82			17	99	
Interim Executive Director: Resources & Regulation	120			25	145	53			4	57	I
Joint Chief Finance Officer					0					0	J
Interim Deputy Chief Finance Officer					0	95				95	K

Notes:

A: The Chief Executive was appointed on 16 July 2018, the full year equivalent salary is shown in 2019/20. Geoff Little is also the Accountable Officer at the CCG, no recharge was made to NHS Bury CCG during 2019/20.

B: The Interim Chief Executive retired on 31 July 2018.

C: The Deputy Chief Executive (Corporate Core) was appointed on 04 March 2019.

D: The Executive Director for Business Growth & Infrastructure left the Council on 29 February 2020.

E: The post Executive Director of Operations has been occupied from 18 July 2018.

F: The Director of Economic Regeneration and Capital Growth started on 18 February 2019.

G: The Director of Housing Growth and Development (Interim) started on the 19 February 2019.

H: The Interim Executive Director left the council on 31 May 2019 and the post was deleted.

I: The Joint Chief Finance Officer is the appointed Section 151 Officer for the Council, the post is remunerated through Bury NHS CCG. His salary falls within a range of £110,000 and £115,000. No recharge was paid to NHS Bury CCG during 2019/20.

J: Payments to the Interim Deputy Chief Finance Officer are for the period of 1 November 2019 to 31 March 2020 via an agency. The annualised salary would have been above the £100,000 threshold and is therefore included in the note.

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

Salary Range	2018-19 Teaching Staff	2019-20 Teaching Staff	2018-19 Non-Teaching Staff	2019-20 Non-Teaching Staff
£50,000 - £55,000	55	59	11	28
£55,001 - £60,000	37	34	13	7
£60,001 - £65,000	31	20	6	8
£65,001 - £70,000	18	21	2	1
£70,001 - £75,000	8	15	3	2
£75,001 - £80,000	3	4	0	0
£80,001 - £85,000	6	1	5	2
£85,001 - £90,000	2	4	1	3
£90,001 - £95,000	2	1	0	1
£95,001 - £100,000	0	1	1	0
£100,001 - £105,000	0	0	0	2
£105,001 - £110,000	0	0	1	0
£110,001 - £115,000	1	0	2	0
£115,001 - £120,000	0	0	1	2
£120,001 - £125,000	0	0	2	0
£125,001 - £130,000	0	0	0	0
£130,001 - £135,000	0	0	0	1
£135,001 - £140,000	0	0	0	1
£140,001 - £145,000	0	0	0	0
£145,001 - £150,000	0	0	0	0
£150,001 - £155,000	0	0	0	0
£155,001 - £160,000	0	0	0	0
£160,001- £165,000	0	0	0	0
£165,001 - £170,000	0	0	0	0
£170,001-£175,000	0	0	0	0
£175,001 - £180,000	0	0	0	1
TOTAL	**163**	**160**	**48**	**59**

33.3 Analysis of Teaching Staff

Salary Range	2019-20 Voluntary Aided	2019-20 Voluntary Controlled	2019-20 Community (Bury Council)	2019-20 Total
£50,000 - £55,000	24	5	30	59
£55,001 - £60,000	12	1	21	34
£60,001 - £65,000	6	2	12	20
£65,001 - £70,000	5	4	12	21
£70,001 - £75,000	5	0	10	15
£75,001 - £80,000	1	0	3	4
£80,001 - £85,000	0	1	0	1
£85,001 - £90,000	0	0	4	4
£90,001 - £95,000	0	0	1	1
£95,001 - £100,000	0	0	1	1
£100,001 - £105,000	0	0	0	0
TOTAL	**53**	**13**	**94**	**160**

33.4 Exit Packages – Total

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

Exit Package Cost band (including special payments)	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20
	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	7	9	79	78	86	87	622	750
£20,001 - £40,000	0	0	16	49	16	49	469	1339
£40,001 - £60,000	0	0	2	2	2	2	88	88
£60,001 - £80,000	0	0	1	1	1	1	70	71
£80,001 - £100,000	0	0		1	0	1	0	87
Total	**7**	**9**	**98**	**131**	**105**	**140**	**1249**	**2335**

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. 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 2019/20 the Council increased its contribution to the ICF section 75 pooled budget by £10.5m. In 2020/21 the CCG will make a reciprocal additional contribution of £10.5m.

Integrated Commissioning Fund incorporating the Better Care Fund and Improved Better Care Fund	2019/20		
	Council	Bury CCG	Total
	£'000s	£'000s	£'000s
Integrated Commissioning Fund Contribution			
Section 75 Pooled Budget	(106,401)	(202,311)	**(308,712)**
Aligned Fund Budget	(42,961)	(76,694)	**(119,655)**
In View Budget	0	(36,561)	**(36,561)**
	(149,362)	**(315,567)**	**(464,929)**
Integrated Commissioning Fund Expenditure			
Section 75 Pooled Budget	96,307	212,711	**309,018**
Aligned Fund Budget	42,555	76,774	**119,329**
In View Budget	0	36,582	**36,582**
	138,862	**326,067**	**464,929**
Contribution to the ICF Section 75 Pooled Budget	(10,500)	10,500	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 2019/20 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 2019/20.

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	2018/19 £000's	2019/20 £000's

GM Waste Disposal Authority	7,379	11,632
GM Passenger Transport Authority	19,019	13,140
Environment Agency	99	100
Total	**26,497**	**24,872**

Other related parties disclosed elsewhere in the Statement of Accounts

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

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

Six Town Housing Ltd was set up to manage and maintain the housing stock of Bury Council. Six Town Housing has no share capital and is wholly owned by the Authority. It is an ALMO (arms-length management organisation) of the Council and is a company limited by guarantee. It was incorporated on 30 October 2003. In 2019/2020 Six Town Housing made a deficit of £1.204m compared to a deficit of £1.115m in 2018/2019. Bury Council paid management fees of £13.059m in 2019/2020 (£13.059 in 2018/2019) 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 £0.533m for the year ended 31st March 2020, compared to a profit of £0.539m for the period to 31st March 2019. Bury Council paid management fees of £11.320m in 2019/20 (£11.155m in 2018/2019).

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 loss after tax of £0.039m for the year ended 31st March 2020 compared to a profit of £0.114m for the period to 31st March 2019. As at 31st March 2020, Bury Council has £7.257m invested in Bury MBC Townside Fields Ltd.

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

36 Critical Judgements in Applying Accounting Policies

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

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Council maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

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

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

The types of schools that have been assessed as at 31 March 2020 are shown below:

Type of School	**Nursery Schools**	**Primary Schools**	**Secondary Schools**	**Special Schools (including PRU)**	**Total Schools**
Community	1	21	6	3	31
Voluntary Controlled (VC)	0	8	0	0	8
Voluntary Aided (VA)	0	18	4	0	22
Foundation	0	1	0	0	1
Total Maintained	**1**	**48**	**10**	**3**	**62**
Academies	0	16	3	1	20
Total Schools and Academies	**1**	**64**	**13**	**4**	**82**

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 the schools land and buildings on its Balance Sheet where it directly owns the assets, the school or school Governing Body own the assets or rights to use the assets have been transferred from another entity.

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

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

Academies are not considered to be maintained schools in the Council's control. The existing schools' land and building assets are transferred to academies on conversion date on a long

term lease of 125 years. The nominal value shown on the Council's Balance Sheet at year end reflects this arrangement.

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

Pooled Budgets

The Council is the host partner of the pooled funds. The arrangements are made in accordance with section 75 of the National Health Service Act 2006 and allows budgets to be pooled between authorities and health and social 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 2019/20 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 2019 to 31 March 2020, 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 and up to 31 March 2018 the shareholding was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value was posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

With the adoption of accounting standard IFRS 9 Financial Instruments, the 'Available for Sale Financial Asset' category is no longer available. The new standard sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through other comprehensive income. The investment in Manchester Airport Holdings Limited is an equity instrument and as such, gains and losses on changes in fair value would be recognised through profit and loss.

Classifying the shareholding as fair value through profit and loss would mean that changes in valuation are immediately recognised within the Council's Cost of Services. This would mean that the Council's revenue budget is susceptible to increased risk from volatility in the share valuations. Any major fluctuations in the valuation of the shareholding would have a significant impact on the General Fund balance.

The shareholding is a strategic investment and not held for trading and therefore the Council has the option to designate it as fair value through other comprehensive income. This would mean that there is no impact on the revenue budget. However once made this decision is irrevocable. After consultation with officers, external treasury advisors and other Greater Manchester Authorities who have the same shareholding as the Council and, having considered the impact that future share valuations could have on the Council's revenue budget, the Council has determined that the more prudent approach is to designate the shareholding as a strategic investment with changes in fair value treated as Other Comprehensive Income. This means that any gains or losses on the valuation of the shareholding will be transferred to a Financial Instruments Revaluation Reserve.

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 2020. 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 2020 the Authority's valuers advised of a decrease of £22.500m in the fair value Authority share from £52.700m to £30.200m which has been reflected in the financial statements.

Pension Liability

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Greater Manchester Pension Fund has disclosed in their statements, uncertainty with the valuation of property investments following the impact of the Covid-19 Pandemic. Further details can be found in Note 18.

The Council's net Pension Liability of £250.5m includes a share of the overall Greater Manchester Pension Fund investment assets as disclosed in Note 18. The Pension Fund in their financial statements for 2019/20 have disclosed a material uncertainty in accordance with VPS 3 and VPGA 10 of the RICS Red Book Global due to the impact of COVID-19, in respect of the valuation of their property investments. Consequently, less certainty, and a higher degree of caution should be attached to the valuation of those assets than would normally be the case. In Note 18 the Council have disclosed that their share of the total property assets held by the Pension Fund is valued at £29.1m. The valuation of the Council's share of the property assets is subject to the same material valuation uncertainty as applies to the Pension Fund financial statements and as such less certainty can be applied to the valuations than would typically be the case.

Business Rates

Following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2019/20 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The provision estimate has been calculated using the latest Valuation Office (VAO) ratings list of ratings appeals and the analysis of successful appeals to date.

Property, Plant and Equipment

The Council's asset valuations were effective as of 31st January 2020. When considering the report of the Council's valuer and the position as at the Balance Sheet date, due consideration has been given to potential movements and the impact of the emergence of the Covid-19 pandemic. The impact of Covid 19 has resulted in a significant reduction in the number of transactions in the market and consequently the relevant observable data available upon which to base a valuation judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' in accordance with Valuation Practice Supplement 3 and Valuation Practice Guidance Assumption 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation presented in Note 9. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy.

38 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Joint Chief Finance officer on 5 August 2020. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

Housing Revenue Account

Income and Expenditure Statement

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

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

HRA Income and Expenditure Statement	Note	2018/19 £000's	2019/20 £000's
Income			
Dwelling Rents (gross)		(29,107)	(29,059)
Non-Dwelling Rents		(198)	(208)
Charges for Services and Facilities		(1,016)	(969)
Contributions towards expenditure		(75)	(89)
Total Income		**(30,396)**	**(30,325)**
Expenditure			
Repairs and Maintenance		6,866	6,864
Supervision and Management		8,116	8,305
Rents, Rates, taxes & other charges		(77)	57
Depreciation and Impairment of Property, Plant & Equipment	5,6	18,941	9,929
Revaluation (gains) / losses on non-current assets		(2,873)	(7,008)
Debt management costs		39	45
Increased Provision for Bad & Doubtful Debts	8	358	419
Total Expenditure		**31,370**	**18,611**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		**974**	**(11,714)**
HRA services share of Corporate and Democratic Core		400	400
Net Cost of HRA Services		**1,374**	**(11,314)**
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		0	(718)
Interest payable and other similar charges		4,481	4,827
Interest and investment income		(63)	(62)
(Surplus) or Deficit for the year on HRA Services		**5,792**	**(7,267)**

Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	2018/19 £000's	2019/20 £000's
Opening Balance	(6,538)	(6,970)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	5,792	(7,267)
Adjustments between accounting basis and funding basis under statute	(6,224)	5,844
Increase before transfers to/from reserves	**(432)**	**(1,423)**
Transfers to/(from) Earmarked Reserves	0	0
Increase in year on the HRA	**(432)**	**(1,423)**
Closing Balance	**(6,970)**	**(8,393)**

Note to the Movement on the HRA Statement	2018/19 £000's	2019/20 £000's
Analysis of adjustments between accounting basis and funding basis under statute		
Depreciation, impairment and revaluation losses of non-current assets	(16,075)	(2,921)
Minimum Revenue Provision	0	0
Gain or loss on sale of HRA fixed assets	0	718
Capital Expenditure funded by the HRA	1,918	865
Transfer to Major Repairs Reserve	7,933	7,182
Net Adjustment	**(6,224)**	**5,844**

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	2018/19	2019/20
Flats & maisonettes	3,338	3,324
Bungalows	805	803
Houses	3,796	3,756
Total	**7,939**	**7,883**

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

The total capital receipts realised from the disposal of Council houses during the year was £3.682m. This figure represents a increase in the region of 53% compared to the 2018/19 figure of £2.403m. 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	2018/19 £000's	2019/20 £000's
Dwellings	182,949	182,641
Land	51,788	54,467
Shops, Offices and Garage Colonies	1,491	5,675
Total	**236,228**	**242,783**

2. Vacant Possession

i) The Vacant Possession Value (VPV) of dwellings within the Council's HRA as at 1st April 2019 was £624.6m representing an increase of approximately 6.2% over the 1st April 2018 figure of £588.4m. 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 2019 of £249.9m.

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)	2018/19 £000's	2019/20 £000's
Balance as at 1st April	**1,158**	**0**
Transferred to MRR during the year	7,933	7,182
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	(9,091)	(7,136)
Balance as at 31st March	**0**	**46**

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	2018/19 £000's	2019/20 £000's
Total capital expenditure within the HRA	**11,008**	**7,859**
Financed by:		
External contributions	0	0
Revenue contributions	1,917	865
Capital receipts	0	0
Major Repairs Reserve	9,091	7,136
Total	**11,008**	**8,001**

The 2019/20 revenue contributions figure of £0.865m includes an additional voluntary contribution of £0.142m

5. Depreciation

The HRA is charged an amount for depreciation of assets.

HRA Depreciation	2018/19 £000's	2019/20 £000's
Council Dwellings	7,890	7,147
Shops, Offices and Garage Colonies	43	47
Total	**7,933**	**7,194**

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	2018/19 £000's	2019/20 £000's
Council Dwellings	11,008	2,735
Shops, Offices and Garage Colonies	0	0
Total	**11,008**	**2,735**

7. Revenue Expenditure Funded From Capital Under Statute

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

8. Rent Arrears / Bad Debt Provision

Rent Arrears

The rent arrears as at 1 April 2019 totalled £1,656,100.60, and at 31 March 2020 totalled £2,075,206.27. 59.04% of the arrears at 31 March 2020 related to current tenants (58.62% at 31st March 2019) and 40.96% related to former tenants (41.38% at 31st March 2019). The figures stated represent gross arrears and are not shown net of advances as in previous years.

Bad Debt Provision

Bad Debt Provision	**2018/19 £000's**	**2019/20 £000's**
Opening Bad Debt Provision	**1,135**	**1,416**
Charged to HRA	358	419
Written off	(96)	(23)
Re-instated previously written off amount	19	10
Net increase / (decrease)	**281**	**406**
Closing Bad Debt Provision	**1,416**	**1,822**

The Collection Fund

Collection Fund Statement:

Income and Expenditure Account	Note	2018/19 Total £000'S	2019/20 Council Tax £000's	2019/20 NNDR £000'S	2019/20 Total £000's
Income					
Council Tax	1	(98,706)	(103,868)	0	(103,868)
Council Tax Annexe Grant		0	0	0	0
Transitional Relief		0	0	0	0
Business Rates Receivable	2	(51,114)	0	(50,236)	(50,236)
Business Rates Transitional Protection Payments		1,079		281	281
Contributions towards previous year's deficit					
Bury MBC		(2,386)	0	(1,949)	(1,949)
Central Government		426	0	0	0
Greater Manchester Fire & Civil Defense Authority		(20)	0	(20)	(20)
Total Income		**(150,721)**	**(103,868)**	**(51,924)**	**(155,792)**
Expenditure					
Precepts and Demands on Collection Fund					
Bury		126,111	83,130	46,785	129,915
Police		9,212	10,629	0	10,629
Fire		4,061	4,125	473	4,598
Central Government		0	0	0	0
Cost of Collection		240	0	235	235
Bad Debts					0
Change in Bad Debt provision		897	1,140	755	1,895
Write Offs		534	7	206	213
Contribution to (+)/ from (-) appeals provision		(3,039)	0	(2,872)	(2,872)
Transfer of Surplus					0
Police		344	545	0	545
Fire		127	212	0	212
Bury		3,015	4,710	0	4,710
Total Expenditure		**141,500**	**104,498**	**45,582**	**150,080**
Movement in collection fund Balance during year		(9,221)	630	(6,342)	(5,712)
Fund Balance brought forward		(2,557)	(9,518)	(2,260)	(11,778)
Closing cumulative (surplus)/ deficit carried forward		**(11,778)**	**(8,888)**	**(8,602)**	**(17,490)**

Notes to the Collection Fund Statement

1. Council Tax

Band	Valuation	Total Number of Dwellings	Specified Ratio	Band D Equivalent
A reduced	Less than £40,000	48	5/9	27
A	Less than £40,000	25,537	6/9	17,024
B	£40,000 to £52,000	16,555	7/9	12,876
C	£52,000 to £68,000	15,775	8/9	14,022
D	£68,000 to £88,000	8,496	1	8,496
E	£88,000 to £120,000	5,152	11/9	6,297
F	£120,000 to £160,000	1,749	13/9	2,526
G	£160,000 to £320,000	1,198	15/9	1,996
H	More than £320,000	154	18/9	308
		74,662		**63,571**
	Less allowance for losses on collection			(2,003)
	Impact of Council Tax Support Scheme			(6,345)
	Council Tax Base 2019/20			**55,222**

i) The actual number of properties was 84,140 but after adjusting for single person discounts, empty properties etc, the notional number of dwellings is 74,661.75

ii) The Band D Council Tax levied for the year was £1,911.29 (£1,748.89 in 2018/19):

Band D Council Tax Levied	2018/19 £000'S	2019/20 £000'S
Bury Council	1,506.64	1,612.04
Greater Manchester Police Authority	174.30	208.30
Greater Manchester Fire & Civil Defence Authority	67.95	90.95
Total	**1,748.89**	**1,911.29**

2. National Non-Domestic Rates (NNDR)

The Council collects NNDR in respect of business premises by applying a rate poundage set by central Government to the rateable value of the premises. The rate set for 2019/2020 was 50.4p in the pound (49.3p in 2018/19) and at 31st March 2020 the estimated non-domestic rateable value of the Borough was £133.04 million (£130.70 million at 31st March 2019). In addition in 2019/20 the Small Business Rate was set at 49.1p in the pound (48.0p for 2018/19).

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

Restated 2018/19 *				2019/20		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Group Comprehensive Income and Expenditure Statement	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
130,277	(56,074)	74,203	Communities & Wellbeing	145,307	(62,677)	82,630
226,757	(172,625)	54,132	Children, Young People & Culture	228,717	(169,835)	58,882
30,042	(17,877)	12,165	Resources & Regulation	39,252	(19,574)	19,678
24,664	(26,177)	(1,513)	Non Service Specific	28,530	(58,077)	(29,547)
8,089	(5,509)	2,580	Business, Growth & Infrastructure	14,598	(10,814)	3,784
651	(138)	513	Art Gallery & Museum	797	(178)	619
23,473	(7,576)	15,897	Operations	24,962	(9,974)	14,988
45,794	(46,094)	(300)	Housing General Fund	38,709	(38,332)	377
5,969	(9,941)	(3,972)	Local Authority Housing	(7,003)	(8,497)	(15,500)
495,716	**(342,011)**	**153,705**	**Cost of Services**	**513,869**	**(377,958)**	**135,911**
59,720	(32,289)	27,431	Other Operating Expenditure	43,265	(2,055)	41,210
33,419	(26,519)	6,900	Financing & Investment Income & Expenditure	33,928	(28,947)	4,981
2,248	(167,369)	(165,121)	Taxation & Non-Specific Grant Income & Expenditure	2,228	(169,251)	(167,023)
		22,915	**Surplus or Deficit On Provision of Services**			**15,079**
		(11,884)	(Surplus)/Deficit on revaluation of Property, Plant & Equipment			(16,776)
		497	Impairment Losses on Non-Current assets charged to the Revaluation Reserve			4,980
		(800)	(Surplus)/Deficit from investments in Equity Instruments designated at fair value through Comprehensive Income			22,500
		29,008	Acturial (gains)/losses on Pension assets & liabilities			(72,402)
		16,821	**Total Other Comprehensive Income & Expenditure**			**(61,698)**
		39,736	**Total Comprehensive Income & Expenditure**			**(46,619)**

Group Movement in Reserves Statement

Group Movement in Reserves Statement	Usable Reserves						Unusable Reserves £000's	Total Council Reserves £000's	Reserves of Group Entities £000's	Total Reserves £000's
	Earmarked Reserves/ General Fund Balances £000's	Housing Revenue Account £000's	Usable Capital Receipts £000's	Major Repairs Reserve £000's	Capital Grants Unapplied £000's	Total Usable Reserves £000's				
Balance at 1 April Brought Forward	**(40,254)**	**(6,970)**	**(5,415)**	**0**	**(10,904)**	**(63,543)**	**(111,159)**	**(174,702)**	**8,629**	**(166,073)**
Movement in reserves during 2019/20										
Total Comprehensive Income and Expenditure	21,637	(7,267)				14,370	(51,346)	(36,976)	(9,644)	**(46,620)**
Adjustments between accounting basis and funding basis under regulations	(40,999)	5,844	(1,559)	(46)	922	(35,838)	35,838	0		**0**
Net (increase)/decrease before transfers to Earmarked Reserves	**(19,362)**	**(1,423)**	**(1,559)**	**(46)**	**922**	**(21,468)**	**(15,508)**	**(36,976)**	**(9,642)**	**(46,620)**
Transfers to/from Earmarked Reserves										**0**
(Increase)/Decrease in Year	(19,362)	(1,423)	(1,559)	(46)	922	(21,468)	(15,508)	(36,976)	(9,642)	**(46,620)**
Balance at 31 March carried forward	**(59,616)**	**(8,393)**	**(6,974)**	**(46)**	**(9,982)**	**(85,011)**	**(126,669)**	**(211,680)**	**(1,013)**	**(212,693)**

Group Balance Sheet

31st March 2019 £000's	Group Balance Sheet Description	31st March 2020 £000's
562,986	Property, Plant & Equipment	562,985
24,592	Heritage Assets	24,592
26,652	Investment Property	26,638
2,861	Intangible Assets	2,656
52,700	Long term Investments	32,070
20,288	Long term debtors	21,262
690,079	**Long term assets**	**670,202**
7,353	Short Term Investments	5,269
1,509	Stocks & Work in progress	1,377
39,616	Sundry Debtors & Advance Payments	53,035
15,409	Cash and Cash Equivalents	30,335
3,010	Assets Held For Sale	511
66,897	**Current Assets**	**90,527**
(19,034)	Short Term Loans Outstanding	(23,439)
(177)	Deposit & Client Funds	(177)
(7,959)	Short Term Provisions	(5,626)
(35,821)	Sundry Creditors & Advance Receipts	(49,298)
(5)	Revenue Grants Receipts In Advance	(250)
(62,996)	**Current Liabilities**	**(78,790)**
(185,176)	External Loans Outstanding	(193,878)
(1,171)	Capital Grants Receipts in Advance	(2,184)
(71)	Finance Lease Liabilities	(49)
(3,875)	Deferred Liabilities	(3,018)
(305,158)	Pension Liability	(261,425)
(32,456)	Long Term Provisions	(8,692)
(527,907)	**Long Term Liabilities**	**(469,246)**
166,073	**Net Assets**	**212,693**
(63,543)	**Usable Reserves**	(85,011)
(102,530)	**Unusable Reserves**	(127,682)
(166,073)	**Total Reserves**	**(212,693)**

Group Cash Flow Statement

Group Cashflow Statement	2018/19 £000's	2019/20 £000's
Net surplus or (deficit) on the provision of services	(22,915)	(15,078)
Adjustment to surplus or deficit on the provision of services for noncash movements	42,749	48,882
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(18,878)	(15,864)
Net Cash flows from Operating Activities	**956**	**17,940**
Net cash flows from Investing Activities	(10,832)	(14,897)
Net cash flows from Financing Activities	7,683	11,883
Net increase or (decrease) in cash and cash equivalents	**(2,193)**	**14,926**
Cash and cash equivalents at the beginning of the reporting period	17,602	15,409
Cash and cash equivalents at the end of the reporting period	**15,409**	**30,335**

Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Group Cash Flows for Operating Activities	31/03/2019 £000's	31/03/2020 £000's
Interest received	2,436	3,010
Interest paid	(8,061)	12,365
Dividends received	5,635	6,429

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

Non-Cash Movements	31/03/2019 £000's	31/03/2020 £000's
Depreciation	26,968	18,902
Impairment and downward valuations	3,610	(822)
Amortisation	405	428
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	3,406	13,215
(Increase)/decrease in debtors	(11,312)	(14,245)
(Increase)/decrease in inventories	199	132
Movement in pension liability	20,157	21,354
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,830	20,459
Other non-cash items charged to the net surplus or deficit on the provision of services	(3,514)	(10,541)
	42,749	**48,882**

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	31/03/2019 £000's	31/03/2020 £000's
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(331)	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,559)	(5,015)
Any other items for which the cash effects are investing or financing cash flows	(14,988)	(10,849)
	(18,878)	**(15,864)**

Group Cash Flow Statement – Investing Activities

Group Cash Flow Statement - Investing Activities	31/03/2019 £000's	31/03/2020 £000's
Purchase of property, plant and equipment, investment property and intangible assets	(28,508)	(31,731)
Purchase of short-term and long-term investments	0	0
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,357	4,972
Proceeds from short-term and long-term investments	331	0
Other receipts from investing activities	14,988	11,862
Net cash flows from investing activities	**(10,832)**	**(14,897)**

Group Cash Flow Statement – Financing Activities

Group Cash Flow Statement - Financing Activities	31/03/2019 £000's	31/03/2020 £000's
Cash receipts of short- and long-term borrowing	30,178	33,217
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	(186)	(22)
Repayments of short- and long-term borrowing	(23,042)	(20,959)
Other payments for financing activities	733	(353)
Net cash flows from financing activities	**7,683**	**11,883**

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 2019 to 31 March 2020, therefore no adjustments are required regarding the accounting year.

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

1. Accounting policies

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

2. Bodies Consolidated

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

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

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

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

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

Six Town Housing's Statement of Accounts 2019/2020 are audited by RSM and will be submitted to their Audit, Standards, Risk and Performance Committee on 3rd September 2020, followed by the Board meeting on 17th September 2020.

Financial Transactions and Operations: In 2019/2020 Six Town Housing made a deficit of £1.204m compared to a deficit of £1.115m in 2018/2019. Bury Council paid management fees of £13.059m in 2019/2020 (£13.059 in 2018/2019) 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 during 2019/20:-

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

Copies of Six Town Housing Ltd 2019/30 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 loss after tax of £0.039m for the year ended 31st March 2020 compared to a profit of £0.114m for the period to 31st March 2019. As at 31st March 2020, Bury Council has £7.257m invested in Bury MBC Townside Fields Ltd.

Bury MBC Townside Fields Limited pre-audit accounts for the year ended 31st March 2020 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 profit before tax of £0.533m for the year ended 31st March 2020, compared to a profit of £0.539m for the period to 31st March 2019. Bury Council paid management fees of £11.320m in 2019/20 (£11.155m in 2018/2019).

The Persona group of companies pre-audit accounts for the year ended 31st March 2020 have been used to prepare the group accounts. Both companies are audited are Horsfield and Smith Ltd.

3. Subsidiary Income and Expenditure

The operating expenditure and income of Six Town Housing has been included within "Non Service Specific". The operating expenditure and income of Bury MBC Townside Fields Limited has been included within "Resources & Regulation" whilst that of Persona Care & Support Limited has been included within "Communities & Wellbeing".

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

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

5. Goodwill

No goodwill arose in respect of any subsidiaries.

6. Plant, Property and Equipment

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

Lisa Kitto

Director of Financial Transformation and S151 Officer

18 March, 2021,

Town Hall,
Knowsley Street,
BURY,
BL9 0SP.

0161-253-7659.

Email: l.kitto@bury.gov.uk

Glossary Of Terms

Accounting Principles

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

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

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

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

Accruals Basis

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

Actuarial Gains and Losses

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

Agency Services

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

Amortisation

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

Appointed Auditors

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

Asset

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

Associated Companies

An associate is an entity over which the Council has significant influence.

Association of Greater Manchester Authorities (AGMA)

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

Balances

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

Better Care Fund (BCF)

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

Capital Adjustment Account

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

Capital Expenditure

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

Capital Financing Charges

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

Capital Receipts

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

Carrying Amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

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

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, any have restriction on their disposal. Examples include parks and historical buildings not used for operation al purposes.

Contingency

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

Contingent Liabilities or Assets

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

Council Tax Requirement

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

Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost

Current service cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits 'earned' by employees in the current year's employment.

Current Value

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

Curtailment

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

Debtors

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

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules refine the benefits independently of the contribution payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

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

Depreciated Replacement Cost (DRC)

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

Derecognition

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

Discounts

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising for the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirement s and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fees and Charges

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

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulation usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

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

Greater Manchester Combined Authority (GMCA)

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

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit

This is an allowance to persons receiving little or no income to meet, in whole or part their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants a rent allowance.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet, Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

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

Intangible Assets

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

Interest cost (Pensions)

For a defined benefit scheme, the expected increase during the period on the present value of the scheme liabilities which arises from the passage of time.

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statement in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories

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

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

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Joint Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist; finance leases and operating leases.

Lender Option Borrower Option (LOBO)

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Loss Allowance

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

Materiality

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

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years' financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. In Bury is usually covers a five year timeframe.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Ministry of Housing, Communities and Local Government (MHCLG)

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

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

This is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Councils.

Net Book Value (NBV)

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Debt

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

Outturn

Actual expenditure and income compared to the budget.

Pooled Aligned Budget

A pooled fund, arising from a Section 75 Agreement between Bury Council and Bury NHS CCG, but the partners' re4spective financial contributions to such a fund are held in their own bank accounts.

Pooled Budget

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

Pooled Fund

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

Precept

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

Premiums

These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Public Works Loan Board (PWLB)

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

Related Parties

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

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

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Liability (asset) companies:

- Actuarial gains and losses
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- Any change in the net effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Revaluation Reserve

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

Revenue Contributions

The method of financing capital expenditure directly from revenue.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the Comprehensive Income and Expenditure Statement.

Section 75 Agreement

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

Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

Treasury Management

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

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

Trust Funds

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

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.