

AUDIT COMMITTEE Regulatory Committee Agenda

Date Tuesday 21 July 2020

Time 6.00 pm

Venue Virtual Meeting

https://www.oldham.gov.uk/info/200608/meetings/1940/live_council_meetings_online

- Notes
1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Constitutional Services in advance of the meeting.
 2. CONTACT OFFICER for this Agenda is Constitutional Services email constitutional.services@oldham.gov.uk
 3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Thursday, 16 July 2020. The question will be read out by the Chair and a response will be provided at the meeting.
 4. FILMING – This meeting will be recorded for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be recorded, except where there are confidential or exempt items and the footage will be on our website. This activity promotes democratic engagement in accordance with section 100A(9) of the Local Government Act 1972. The cameras will focus on the proceedings of the meeting. As far as possible, this will avoid areas specifically designated for members of the public who prefer not to be filmed. Disruptive and anti social behaviour will always be filmed.

Members of the public and the press may also record / film / photograph or broadcast this meeting when the public and the press are not lawfully excluded.

Recording and reporting the Council's meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

MEMBERSHIP OF THE AUDIT COMMITTEE IS AS FOLLOWS:

Councillors Ahmad, Dean, C. Gloster, Haque (Vice-Chair), Salamat, Sheldon, Hobin, Iqbal and Taylor

Item No

8 External Audit - Audit Update Report

This report will be included as part of the Audit Completion Report.

- 9 External Audit - Audit Completion Report (Pages 1 - 28)
- 10 2019/20 Statement of Accounts (Pages 29 - 236)



Report to Audit Committee

Draft Audit Completion Report for the Year Ending 31 March 2020

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Green / MAZARS

Officer Contact: Anne Ryans - Director of Finance / MAZARS

Report Author: Lee Walsh - Finance Manager / MAZARS

Ext. 4467

21 July 2020

Reason for Decision

To present to the Audit Committee, the Council's draft Audit Completion Report (attached at Appendix One) for the year ending 31 March 2020 as prepared by the External Auditor, Mazars LLP.

Executive Summary

The report presents the Council's draft Audit Completion Report for the year ending 31 March 2020. The full report (attached at Appendix One) was prepared by the Council's External Auditor (Mazars LLP) and advises of the key issues in relation to the audit of the 2019/20 Statement of Accounts.

At the time of issuing the agenda, the audit of the accounts is substantially complete, however, there remain several items which require resolution. These items, presented at page 4 of the attachment, are in the main outside the control of the Council.

There will be an update at the meeting as to the progress on all outstanding matters.

Recommendation

It is recommended that the Audit Committee notes the draft Audit Completion Report for the year ending 31 March 2020.

Appendix One

Draft Audit Completion Report Oldham Metropolitan Borough Council Year ending 31 March 2020



Audit Completion Report Draft to Audit Committee

Oldham Metropolitan Borough Council
Year ending 31 March 2020

CONTENTS

1. Executive summary
2. Audit approach
3. Significant findings
4. Internal control recommendations
5. Summary of misstatements
6. Value for Money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor's report

Appendix C – Independence

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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

Audit Committee
Oldham Metropolitan Council
Civic Centre
West Street
Oldham
OL1 1UT

16 July 2020

Dear Members

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks, key audit matters and other areas of management judgement, was outlined in our Audit Strategy Memorandum (ASM) which we presented to Audit Committee on 20 January 2020. Since we presented our ASM we have revised our consideration of significant risks as set out below.

- We identified in our ASM that there was a significant audit risk, and key audit matter, relating to the valuation of the Council's pension liability. We have subsequently identified that the significant audit risk and key audit matters applies to the Council's Group level and not just the Council single-entity financial statements, resulting in the pension liabilities of the Council's two wholly-owned consolidated subsidiary companies being considered significant risks.

Since we issued our Audit Strategy Memorandum the UK has been subject to the challenges and restrictions of COVID-19. Other than the matter highlighted above, we have concluded that the original significant audit risks, key audit matters and other areas of management judgement remain appropriate.

One implication of COVID-19 for the Council was that the deadlines for submission of the draft and audited financial statements were pushed back to 31 August and 30 November respectively. Despite the revised deadlines we acknowledge the difficulties encountered by your team during accounts preparation and audit, and would like to express our sincere thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07721 234043.

Yours faithfully

Karen Murray, Partner
Mazars LLP

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Oldham Metropolitan Borough Council ('the Council') and its Group for the year ended 31 March 2020, and forms the basis for discussion at the Audit Committee meeting on 21 July 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 3 and 6 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 3 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control;
- Valuation of Property, Plant & Equipment (land and buildings including investment properties);
- Valuation of Defined Benefit Pension Liability; and
- Valuation of investment in Manchester Airport Holdings Limited.

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

Subject to the satisfactory completion of the remaining audit procedures, we anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money conclusion

We anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

The timetable for the Council's WGA submission has not yet been published by MHCLG, and NAO have not yet issued auditors with their group instructions. We will complete the required work to the MHCLG timetable as soon as possible once these details have been clarified.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have not received any questions or objections relating to 2019/20.

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding. We will provide the Audit Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Audit area	Status	Description of outstanding matters
Valuation of Property, Plant & Equipment	●	We are completing the final elements of our testing of the Council's valuation of its land and buildings
Valuation of Heritage Assets	●	We are completing the final elements of our testing of the Council's valuation of its Heritage Assets
Valuation of Investment Properties	●	We are awaiting assurance from our external valuation expert on the Council's valuation of its lease of land to Manchester Airport
Valuation of Investments	●	We are concluding our considerations of the Council's categorisation of its Long Term Investment in Manchester Airport We are awaiting third party confirmation of the balance for one of the Council's investments
Short Term Debtors	●	We are awaiting evidence to conclude our testing of the Council's calculation of its impairment of debtors
Valuation of Pension Liabilities	●	We are completing the final elements of our testing of the Council's, and its subsidiaries' net Pension Liabilities We are awaiting the assurance letter from the auditor of the Greater Manchester Pension Fund following the completion of their audit
Provisions, Contingent Assets & Contingent Liabilities	●	We are completing our testing on the compliance of the disclosed provisions and contingent assets & liabilities with accounting standards
Signed final statements and signed Management Representation Letter	●	We will complete our final review of the financial statements to confirm all expected changes have been made, upon receipt of the signed version of the accounts and letter of representation

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

Misstatements and internal control recommendations

Section 4 sets out the internal control recommendations that we make, together with an update on any prior year recommendations. Section 5 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Audit Committee in a follow-up letter.

2. AUDIT APPROACH

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum (ASM) in January 2019. Following further discussions with the Council we have updated our approach as previously documented in the ASM. In particular we concluded that the significant risk over the valuation of the Council's pension liability applied at the Council's Group level, and consequently we identified that the pension liability for The Unity Partnership Ltd and Miocare Community Interest Company were also significant risks to the Council's Group. As a result of this conclusion, we concluded that both subsidiary companies were significant components to the Group. We have set out our audit approach to the Group on page 7.

There are no other significant changes to our approach to the Council or Group financial statements as communicated to the Council in our ASM in January 2020.

Materiality

We set materiality at the planning stage of the audit at £13.5 million for the Group financial statements and £13.4 million for the Council financial statements, using a benchmark of around 2% of gross expenditure at the Surplus/Deficit at Net Cost of Services level.

Our final assessment of materiality, based on the final 2019/20 financial statements and qualitative factors is unchanged from that at the planning stage for both the Group and Council financial statements. Our final materiality levels and trivial thresholds are set out in the table below. We set our trivial threshold (the level under which individual errors are not communicated to the Audit Committee, at £405k for the Group and £402k for the Council based on 3% of overall materiality.

Materiality element	Group materiality	Council single-entity materiality
Overall materiality	£13,500,000	£13,400,000
Performance materiality	£10,800,000	£10,720,000
Trivial threshold for reporting to Audit Committee	£405,000	£402,000

We confirm that there were no qualitative factors which we considered when setting the level of materiality for the Group or the Council.

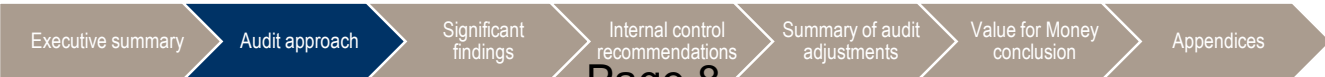
We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that misstatements of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We set specific materiality for the following items of account/disclosures:

Item of account/disclosure	Specific materiality
Officer remuneration bandings (Note 9)	£5,000 *
Related Party Transactions (Note 12)	£50,000

- Reflecting movement from one salary band to another

Key summary of audit approach and findings

We have summarised the key information regarding our approach, risks and significant findings for the Comprehensive Income & Expenditure Statement and Balance Sheet in the tables over the page. Further information on the findings are provided in section 3.



2. AUDIT APPROACH (CONTINUED)

Comprehensive Income & Expenditure Statement

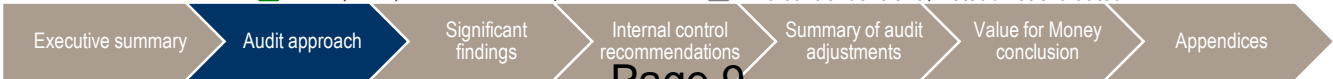
Account area	Material misstatement risk	Risk description	Key Audit Matter	Changes to audit approach	Control deficiencies	Significant audit findings
Net Cost of Services	Standard	-	No	None	●	Adjustments made
Other Operating Expenditure	Standard	-	No	None	●	None
Financing & Investment I&E	Standard	-	No	None	●	Adjustment made
Taxation and non-specific grants	Standard	-	No	None	●	None
Other comprehensive I&E	Standard	-	No	None	●	None

Balance Sheet

Account area	Material misstatement risk	Risk description	Key Audit Matter	Changes to audit approach	Control deficiencies	Significant audit findings
Property, plant and equipment	Significant	Valuation of Land, Buildings and Investment Property	Yes	None	●	Work not yet complete
Long term investments	Enhanced	-	No	None	●	Work not yet complete
Short term debtors	Standard	-	No	None	●	Work not yet complete
Cash and cash equivalents	Standard	-	No	None	●	Work not yet complete
Short term creditors	Standard	-	No	None	●	None
Borrowings	Standard	-	No	None	●	None
Provisions	Standard	-	No	None	●	Work not yet complete
Pension Liabilities	Significant	Valuation risk	Yes	Yes	●	Adjustments made
Reserves	Standard	-	No	None	●	Adjustments made

Key for Control Deficiencies

- High-priority control deficiency noted
- Medium-priority control deficiency noted
- Low-priority control deficiency noted
- No control deficiency noted / not evaluated



2. AUDIT APPROACH (CONTINUED)

Overview of our group audit approach

The Council's Group financial statements for 2019/20 includes two wholly owned subsidiary companies, Miocare Group Community Interest Company and The Unity Partnership Limited.

Our Audit Strategy Memorandum provided details of our intended group audit approach. As highlighted earlier in this report we confirm that we have updated our approach and concluded that the significant risk over the valuation of the Council's pension liability applies also to the pension liability for The Unity Partnership Ltd and Miocare Community Interest Company which are consolidated into the Council's Group financial statements. As a result of this conclusion, we concluded that both subsidiary companies were significant components to the Group.

The table below confirms the approach we have taken to auditing the Council's consolidated group financial statements.

Entity	Nature of entity audit	Auditor	Description of audit procedures undertaken on the component	Changes to audit approach
Oldham Council (parent)	NAO Code audit	Mazars LLP	A full audit of the Council financial statements and consolidation process	None
Miocare Community Interest Company (subsidiary)	Statutory audit	Grant Thornton LLP	We undertook specific audit procedures relating to the company's net pension liability as reported in the Group financial statements. We also undertook desktop group analytical procedures on the financial information prepared for group reporting purposes using component materiality	Yes
The Unity Partnerships Ltd (subsidiary)	Statutory audit	Mazars LLP	We undertook specific audit procedures relating to the company's net pension liability as reported in the Group financial statements. We also undertook desktop group analytical procedures on the financial information prepared for group reporting purposes using component materiality	Yes

The Council has applied a consideration of materiality in determining which of its subsidiaries, associates and joint ventures to consolidate into its Group financial statements. The result of this consideration, as disclosed in Note G2 to the Group financial statements is that five Council interests are not consolidated:

- Oldham Economic Development Association Ltd
- Southlink Developments Ltd
- Meridian Development Company Ltd
- FO Developments LLP
- Oldham Property LLP

The Council's consideration of the material impact of these interests on its Group financial statements is in accordance with the applicable financial reporting framework.

3. SIGNIFICANT FINDINGS

Set out on the following pages are the significant findings from our audit. These findings include:

- our findings on key audit matters, including:
 - why the matter was considered to be one of the most significance in the audit and therefore determined to be a key audit matter;
 - how the matter was addressed in the audit including a summary of our response;
 - where relevant, key observations arising with respect to each matter; and
 - a clear reference to the relevant disclosures in the financial statements
- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 13 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified key audit matters and significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new key audit matters and significant risks have arisen and how we intend to respond to these risks. Although no new significant risks or key audit matters have been identified we have reported earlier in the report that we concluded that the significant risk and key audit matter relating to the valuation of the Pension Liability related to the Council's two subsidiaries as well as the Council.

3. SIGNIFICANT FINDINGS (CONTINUED)

Key audit matters

Valuation of
Land & Buildings
and Investment
Property (Council)

Description of the key audit matter

The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five-year cycle. The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end. Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.

How we addressed the key audit matter

We have:

- Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations;
- Considered whether the overall revaluation methodology used by the Council valuer is in line with industry practice, social housing statutory guidance, and the CIPFA Code of Practice;
- Critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's calculations, using available third party evidence;
- Considering whether the Trust's valuation changes in 2019/20 are consistent with evidence of changes in industry published indices of changes in build costs;
- Critically assessed the social housing factor applied to the valuation of Council Dwellings;
- Assessed the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time;
- Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- Critically assessed the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer; and
- Tested a sample of items of capital expenditure in 2019/20 to confirm that the additions are appropriately valued in the financial statements.

Audit conclusion

We are still finalising our work on this area although there are no matters arising from the work completed to date.

3. SIGNIFICANT FINDINGS (CONTINUED)

Valuation of
Defined Benefit
Pension Liability
(Council & Group)

Description of the key audit matter

The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2019/20.

How we addressed the key audit matter

We have:

- Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's actuary, Hymans Robertson;
- Liaised with the auditors of the Greater Manchester Pension Fund and obtained assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuations for the Council and the two subsidiary companies. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and
- Agreed the data in the IAS 19 valuation reports for the Council and the two subsidiary companies provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and the Group's financial statements.

Audit conclusion

We are still finalising our work on this area although there are no matters arising from the work completed to date.

3. SIGNIFICANT FINDINGS (CONTINUED)

Significant risks

Management override of controls	Description of the risk
	<p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>
	<p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting on amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	<p>Audit conclusion</p> <p>We are still finalising our work on the accounting estimates as highlighted on page 4. There are no matters arising from the other areas of our work completed against this risk.</p>

3. SIGNIFICANT FINDINGS (CONTINUED)

Area of management judgement

Valuation of investment in Manchester Airport Holdings Limited	Description of the management judgement
	<p>The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited (MAHL) at 31 March 2020. The valuation is determined under IFRS13 applying a consistent methodology to previous and applying key assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.</p>
	<p>How our audit addressed this area of management judgement</p> <p>Our approach to auditing the investment in Manchester Airport Holdings Limited included the involvement of the Mazars in-house valuation team.</p> <p>The Mazars in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.</p> <p>We reviewed the calculation of the valuation by the Council's external valuation expert in light of the update financial information available in July 2020 from the published MAHL financial statements for the year to 31 March 2020.</p>
	<p>Audit conclusion</p> <p>We have completed our procedures and there are no matters arising against the valuation of the Council's investment in MAHL.</p>

Valuation methods

We are required by International Standard on Auditing 260 to report to the Audit Committee the methods of valuation the Council has adopted in its financial statements and whether there have been any changes in those valuation methods. We have set out in this section the valuation methods for the Property, Plant & Equipment, Investment Property, Long Term Investment in MAHL and the Pension Liability. There are no changes in the valuation methods from the previous year. The other balance sheet categories have been valued in accordance with the CIPFA Code of Practice on Local Authority Accounting and applicable International Financial Reporting Standards. There are no changes in those valuation methods from the previous year.

3. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Council’s accounting practices

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting (the Code). We have considered the appropriateness of the use of the going concern assumption and have reviewed the Council’s accounting policies and disclosures and concluded they comply with the requirements of the Code, appropriately tailored to the Council’s circumstances.

Draft accounts were received from the Council on 31 May 2020 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Council finance officers have been very helpful in promptly answering our detailed audit queries.

Significant matters discussed with management

The significant matters we discussed with management through the audit included:

- The impact of COVID-19 on the Council’s financial statements, including potential impact on risks of material misstatement. We concluded that there were no additional risks of material misstatement in 2019/20.
- The valuation of the Council’s land & buildings and investment property. The outcome of this work is reported earlier in the report.
- The valuation of the Council’s investment in Manchester Airport Holdings Limited. The outcome of this work is reported earlier in the report.
- The accounting treatment of the Council’s investment in the new Manchester Airport car park company. We Council has updated its disclosure of the classification of this investment to report that it has designated the investment at Fair Value through Other Comprehensive Income.

Significant difficulties during the audit

The impact of the COVID-19 pandemic on the audit was significant. Although we have had the full co-operation of the financial team and Council management through the audit, the finance team’s lack of access to hard copy records did cause them, and us, some difficulties particularly in relation to the supporting evidence for the valuation of land & buildings and investment properties. These issues are being resolved through the dedication and excellent support from the Council, but have delayed the audit significantly.

Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2019/20 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have not received any questions or objections during our audit from electors.

4. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made. From our audit work carried out in 2019/20 we have not identified any internal control recommendations.

Follow up of previous internal control points

We have reviewed the Council's response to our recommendations raised in 2018/19 and report an update in the table below and overleaf.

2018/19 Recommendations

1. Process for identifying Related Party Transactions

The Council, in its closedown procedures for 2019/20, should carry out an interrogation of its ledger for all the related parties disclosed by members and senior officers.

2019/20 update

The Council has carried out an interrogation of its ledger for all the related parties disclosed by members and senior officers.

2. Corporate Information Security Policy

The Council should consider reviewing and updating its Corporate Information Security Policy.

2019/20 update

The Council has reviewed and updated the Corporate Information Security policy during the year.

3. IT Backup Policy

The Council should consider documenting a formal Backup Policy.

2019/20 update

Backup policy is in place and has been reviewed in the year.

4. IT Logical Access Policy

The Council should consider documenting a formal logical access policy.

2019/20 update

The Council as part of annual review, updated the IT Access Control Policy in the year.

5. SUMMARY OF AUDIT ADJUSTMENTS

We set out below the items identified for adjustment during the course of the audit, above the level of trivial threshold of £405k (Group) and £402k (Council).

Unadjusted audit differences 2019/20

The Council have adjusted all the audit differences identified as summarised on the table below.

Adjusted audit differences 2019/20

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Changes to the Group pension liability				
	Dr: Group Pension Liability			22,947	
	Cr: Group Pension Reserve				22,947
	<i>The Council obtained updated actuarial reports for Miocare and The Unity Partnership as well as the Council itself. The Combined impact of the new reports were that the Group Pension Liability reduced by with the negative Group Pension Reserve also reducing by the same amount. This adjustment also impacts on the Group Movement in Reserves Statement and Group pension notes.</i>				
2	Changes to the Council's pension liability				
	Dr: Council Pension Liability			17,379	
	Cr: Council Pension Reserve				17,379
	<i>The Council obtained an updated actuarial report and this reported that the level of pension liability had reduced by £17,379k. This has also reduced the negative Pension Reserve. This adjustment also impacts on the Movement in Reserves Statement and pension notes.</i>				
3	Changes to Council and Group Financing & Investment Expenditure				
	Dr: Commissioning Gross Expenditure	831			
	Dr: Capital, Treasury & Technical Accg Gross Exp	645			
	Cr: Financing & Investment Expenditure		1,476		
	<i>The Council identified a miscoding of transactions in the ledger which were incorrectly identified as Financing & Investment Expenditure but should have been coded as a Cost of Service.</i>				

5. SUMMARY OF AUDIT ADJUSTMENTS (CONTINUED)

Disclosure amendments

In addition to the adjustments outlined on the previous page, the Council has made a number of amendments to the disclosures in the financial statements. Among these adjustment were contextual or presentational adjustments made to:

- Amend the analysis of income in Note 2 and Note 5
- Amend some of the disclosure entries of Financial Instruments in Note 20 to reflect the correct categorisation and measurement of the Council's financial assets;
- Include non-adjusting post balance sheet events in Note 37;
- Include the Council's required Operating Lease disclosures where it is the lessor in Note 38; and
- Include disclosure of the Group External Audit Fees at Note G4.

6. VALUE FOR MONEY CONCLUSION

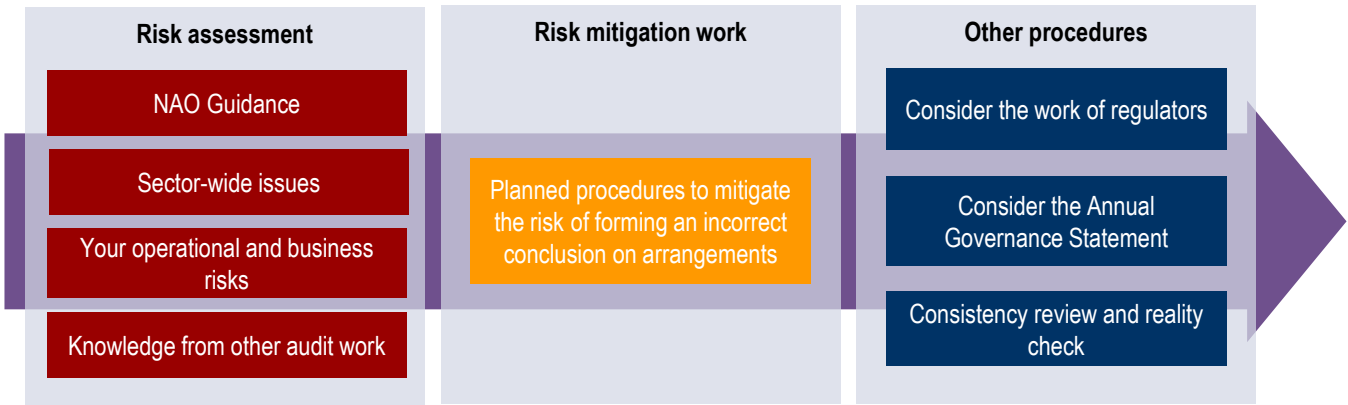
Our approach to the Value for Money conclusion

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, ‘in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.’ To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

A summary of the work we have undertaken is provided below.



Significant Value for Money conclusion risks

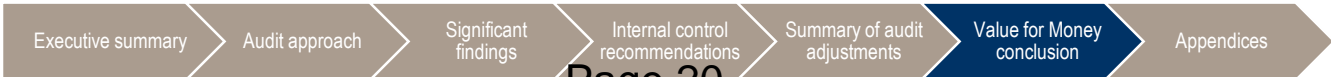
The NAO’s guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified one significant Value for Money risk relating to the financial sustainability of the Council in the medium term.

Since issuing our Audit Strategy Memorandum the COVID-19 pandemic has impacted significantly on the Council operationally and financially. We have considered the impact of COVID-19 on the significant risk for our Value for Money conclusion. In doing this we have considered the Council’s arrangements in place up to the 31 March 2020, and we are satisfied that there are no new significant risks to our Value for Money conclusion for 2019/20 arising from COVID-19.

The work we carried out in relation to the significant risk is outlined overleaf.

Our overall Value for Money conclusion

Our draft auditor’s report included in Appendix B states that we intend to issue an unqualified Value for Money conclusion for the 2019/20 financial year.



6. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken and findings	Conclusion
Financial sustainability The Council's medium term financial strategy for the period 2019/20 to 2023/24 sets out the financial challenges it faces, highlighting a significant financial gap by 2023/24 to achieve a balanced budget. The Council has used reserves to balance previous years' budgets. In-year projections indicate an overspend in service budgets, in particular Education and Early Years. This is offset by projected underspends in capital financing, increased treasury management income and additional grants. The continuing challenges the Council faces are not new and are not unique to Oldham Council. However, the challenges do present a significant audit risk in respect of considering the arrangements that the Council has in place to deliver financially sustainability over the medium term.	Work undertaken We reviewed the arrangements the Council had in place throughout 2019/20 for ensuring financial resilience. Specifically we reviewed whether the medium term financial plan took into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors. We also reviewed the arrangements in place to monitor progress delivering the budget and related savings plans. In addition to considered the Council's arrangements in place in 2019/20 in the context of the emerging impact of the COVID-19 pandemic. Findings The Council set balanced budgets for 2019/20 and 2020/21. The budget for 2019/20 was set with assumptions of significant levels of budget reductions from the standstill position in the previous year (£7.8m) and utilising significant levels of earmarked reserves (£8.8m). The outturn reported results for the year show a small underspend against the budget (£0.2m) but this is after the Council received £7.6m of central government funding for the impact of COVID-19 in late March 2020 – funding which will be predominantly spent during 2020/21. This enabled the Council to not have to rely on utilising reserves in 2019/20 to support the spending, and this has meant the General Fund balance is £15m and Revenue Earmarked Reserves are £79m as at 31 March 2020. The Council's monitoring of its 2019/20 budget has been through detailed 'officer-led' monthly monitoring, with quarterly reporting to Council members in the Cabinet. The reporting provides a timely and detailed report of the current position and the projected position at the year end. The review of the monitoring in year identifies that the Council undertakes a robust review and regular reporting. The in year monitoring has been largely accurate and has predicted the level of overspending through the year, enabling timely mitigating decisions to be taken. (continued overleaf)	We conclude that for 2019/20 the Council has made proper arrangements to deliver financial sustainability in the medium term.

6. VALUE FOR MONEY CONCLUSION (CONTINUED)

Risk	Work undertaken and findings	Conclusion
Financial sustainability (continued)	<p>Findings (continued)</p> <p>The financial position for 2020/21 is significantly more challenging. The Council agreed its budget for 2020/21 before the COVID-19 pandemic. That pre-COVID-19 budget assumed budget reductions from the standstill position in 2019/20 of £1.7m, identified a further requirement for £18.1m of savings of which £3m were specifically approved, assumed that £10m of the £18.1m would be funded through the Council's earmarked reserves, with the remaining £5.1m planned to be funded from other one off measures. Even before the impact of COVID-19 on the Council's financial position, the 2020/21 budget presented a significant challenge to the Council's long term financial sustainability.</p> <p>The Council is continuing to refine its assessment of the impact of COVID-19 on 2020/21 and future years. What is certain is that there are significant additional cost pressures, particularly in delivering Adult & Children's Social Care, and significant levels of lost income. The lost income relates to fees and charges, income from the Council's investments including that in the Manchester Airport Group and the impact on the Collection Fund. The Council has continued to respond to the government's request for increasingly detailed financial information in monthly returns, and according to the latest submitted return for June 2020, the Council reports:</p> <ul style="list-style-type: none">the gross impact on the 2020/21 financial year is estimated to be £56.4m, although this reduces to £20.8m after taking into account notified government grants and the impact of reduced Council Tax and Business Rates income which will impact in 2021/22;the impact on 2021/22 financial year, particularly through the estimated losses on the Collection Fund arising from lower Council Tax and Business Rates receipts, is estimated to be £41m. <p>The Council has significant levels of earmarked reserves as at 31 March 2020, but these are not sufficient to sustain the Council's financial position over the medium term given the estimated impact. The Council has acknowledged that it needs to quickly make difficult strategic decisions, particularly relating to its capital programme and development plans for the borough. Ensuring the Council remains in a robust financial position is essential.</p> <p>At the time of setting the 2020/21 budget, the Council's medium term financial strategy also recognised that the transformation programme was expected to deliver savings across a range of areas. Whilst these savings plans were not yet fully identified, the importance of the transformation programme in supporting the longer term financial sustainability of the Council was recognised. The subsequent impact of the COVID-19 pandemic has understandably meant the Council's focus has turned to urgent service delivery and business continuity matters, but the delivery of the longer term transformational savings is still critical to delivering the medium term financial strategy.</p>	

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

To be provided to us on client headed note paper

Date

Dear Karen

Oldham Metropolitan Borough Council - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Oldham Metropolitan Borough Council ('the Council') and its Group for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

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

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

Accounting records

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

Accounting policies

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

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONT.)

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

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

There are no undisclosed contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

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

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER (CONT.)

Related party transactions

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

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

Future commitments

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

Subsequent events

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

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

Covid-19

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

Going concern

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

Unadjusted misstatements

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

Yours faithfully

Anne Ryans
Director of Finance

APPENDIX B

DRAFT AUDITOR’S REPORT

To be included

APPENDIX C

INDEPENDENCE

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

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

We also confirm that we have received confirmation from our external experts regarding their independence.

CONTACT

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Alastair Newall

Senior Manager

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Email: alastair.newall@mazars.co.uk



Report to Audit Committee

2019/20 Annual Statement of Accounts

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member - Finance and Green

Officer Contact: Anne Ryans – Director of Finance

Report Author: Lee Walsh – Finance Manager (Capital and Treasury)
Ext. 6608

21 July 2020

Reason for Decision

The Audit Committee is charged with scrutiny and approval of the Statement of Accounts. This report presents the 2019/20 Statement of Accounts.

Executive Summary

The report presents the Council's Statement of Accounts for the financial year 2019/20.

The report highlights:

- The overall revenue outturn position for 2019/20 is a surplus of £0.270m. This is an increase on the favourable variance of £0.065m projected at month 9 that was reported to Cabinet on 23 March 2020.
- The year-end variances that are attributable to each Portfolio.
- Schools balances at 31 March 2020 were £5.487m but are offset by the deficit on the Dedicated Schools Grant (DSG) of £4.916m leaving a net balance of £0.571m held within Other Earmarked Reserves.
- The final Housing Revenue Account (HRA) balance was £21.796m.
- The balance on the Collection Fund was a surplus of £3.295m
- The small reduction in revenue account earmarked reserves of £1.263m to a level of £79.360m, a decrease in other earmarked reserves of £4.431m to a level of £8.504m and an increase in the General Fund balance of £0.270m to £15.110m, reflective of the revenue outturn position
- Expenditure on the Council's Capital Programme for 2019/20 was £54.383m which is an increase on the month 9 forecast expenditure of £52.497m. The increase in expenditure required funding allocated to future years to be re-profiled to fully finance the Capital Programme in 2019/20.

-
- Capital Receipts in year totalled £9.914m, all of which were used to finance the Capital Programme in year.
 - The significant items in each of the primary financial statements.
 - The preparation of Group Accounts incorporating the Council's two wholly owned companies – the Unity Partnership Ltd. and MioCare Community Interest Company
 - The performance of the Finance Team in closing the accounts.

The presentation of the audited Statement of Accounts provides Audit Committee members with the opportunity to review the Council's Statement of Accounts and any amendments made to date as a result of the audit process, and following the conclusion of the period for public inspection. The Accounts are presented at Appendix 1.

It is important to advise that at the time of issuing the Committee papers, the audit, although substantially complete, requires the resolution of an outstanding item relating to the Council's investment in the Manchester Airport Holdings Limited. The External Auditors must also have assurance with regard to the audit of the Greater Manchester Pension Fund (GMPF). The GMPF assurance work has yet to conclude.

As the outstanding matters may not be resolved by the meeting of 21 July and therefore the External Auditor is content with a recommendation that the Committee considers the accounts but delegates the final approval of the Council's Statement of Accounts (once there has been a resolution to the two items) to the Vice Chair of the Audit Committee and the Director of Finance on receipt of the full agreement of the valuation in consultation with the External Auditor.

Recommendation

Audit Committee members are recommended to:

- 1) Consider the Council's Statement of Accounts,
- 2) Note the Management Letter of Representation, and
- 3) Delegate the approval of the Council's Statement of Accounts to the Vice Chair of the Audit Committee and Director of Finance on receipt of advice from the External Auditor.

1 Background

- 1.1 The Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timelines and accounting practices. Since 2010/11 those accounting practices have been based on International Financial Reporting Standards (IFRS) which attempt to facilitate the production of accounts in a standardised and consistent format across the public and private sectors giving greater transparency for stakeholders.
- 1.2 These accounting practices are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2019/20 Code of Practice on Local Authority Accounting in the UK and any additional CIPFA guidance such as the year end Final Accounts Bulletins. Members of the Audit Committee can be assured that the accounts were prepared so that all the requirements of the Code have been complied with.
- 1.3 For 2019/20 the requirements and timeline for the approval of a Local Authority's Statement of Accounts as set out in the Accounts and Audit Regulations 2015 have been revised. It was recognised by the Government that the COVID-19 pandemic would have an impact on the ability of Councils to comply with the statutory deadlines. Therefore, after consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015. The regulations implementing these measures were laid on 7 April and came into force on 30 April 2020.
- 1.4 The impact on deadlines and timescales is as follows:
- the publication date for final, audited, accounts has moved from 31 July for Category 1 Authorities and 30 September for Category 2 Authorities to 30 November 2020 for all Local Authority bodies (Oldham Council is a Category 1 body).
 - To give Local Authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 Authorities) and July (for Category 2 Authorities) has been removed. Instead Local Authorities must commence the public inspection period on or before the first working day of September 2020.
- 1.5 This means that draft accounts must be approved by 31 August 2020 at the latest or may be approved earlier, wherever possible.
- 1.6 For this year 2019/20, Authorities must publish the dates of their public inspection period, providing a public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2020. The Council published such a notice.
- 1.7 The legislation requires that following the conclusion of a 30 day period of public inspection the Council must submit the Statement of Accounts for consideration and approval to Committee or by Members meeting as a whole. For Oldham, the body designated to receive the accounts is the Audit Committee.
- 1.8 The public inspection period for the 2019/20 Statement of Accounts began on 1 June 2020 and concluded on 10 July 2020. The Council received no objections to the Statement of Accounts.

2 Current Position

- 2.1 The Council submitted its draft financial statements to the External Auditors, Mazars LLP, on 31 May 2020 which was a little later than expected due to the impact of the pandemic. However, it must be noted that this was within the original statutory deadline of 31 May 2020. The public inspection period began on 1 June and concluded on 10 July 2020.
- 2.2 In line with good practice, the draft Statement of Accounts was issued to Audit Committee members. There was a high level summary of the 2019/20 outturn and a progress update presented at the Audit Committee of 4 June 2020. The accounts were presented for review at the Audit Committee meeting of 23 June 2020. This gave members of the Audit Committee the opportunity to consider the key issues and ask officers and the External Auditor any relevant questions. All matters raised were addressed at the meeting to the satisfaction of the Committee.
- 2.3 The audit of the Accounts is now substantially complete, but there are two outstanding items:
- a) Relating to the Input level in fair value hierarchy of Manchester Airport Holding Limited (MAHL) of the valuation. This matter has not been resolved due to additional discussions required with the Council's external advisors (BDO) and the external auditors. It is important to note that the impact of any change in this regard would be in the disclosure in the Financial Instruments note (Note 20).
 - b) Before Mazars can finalise the audit of the Council's pension fund liability they must have assurance with regard to the audit of the Greater Manchester Pension Fund (GMPF). The GMPF assurance work has yet to conclude.
- 2.4 As the outstanding matters may not be resolved by the meeting of 21 July, the External Auditor is content with a recommendation that the Committee considers the accounts but delegates the final approval of the Council's Statement of Accounts (once there has been a resolution to the two items) to the Vice Chair of the Audit Committee and the Director of Finance on receipt of the full agreement of the External Auditor.
- 2.5 The Statement of Accounts has been updated during the audit process. The changes to date can be found at Appendix 2 with the full amended Statements shown in Appendix 1. The Audit Committee is therefore requested to consider the Accounts and the changes made.
- 2.6 It is important to note that the audit process cannot be fully finalised until all remaining issues are resolved and the Whole of Government Accounts (WGA) audit is completed. The WGA audit cannot be undertaken yet and is programmed for later in the year.
- 2.7 Mazars LLP is required to provide the Council with an Annual Audit Completion Report (ACR) and a Value for Money (VFM) opinion. The draft ACR (elsewhere on the agenda) gives an unqualified opinion and provides assurance that no material errors have been identified for the 11th successive year.
- 2.8 As noted in the draft Audit Completion Report, at the time of issuing the agenda, there were also a number of assurances that were required by the auditor. In the main, these assurances are required from external bodies, although there is one Council area where additional non-financial evidence is required.
- 2.9 As this is the second year that the Council's audit has been undertaken by Mazars LLP, and due to the Covid-19 pandemic as would be expected, extensive testing has been

conducted, including the examination of larger samples and more in-depth review of processes. The overall audit process, to date, has been positive and despite the additional testing, the ACR has resulted in no recommendations. The ACR will be reviewed upon completion of the audit and any significant changes will be presented to Committee.

2.10 The auditors VFM conclusion is positive, and states that for 2019/20 in all significant respects the Council has processes in place to ensure financial resilience.

2.11 In addition to the Statement of Accounts, the Committee is asked to note the Management Letter of Representation at Appendix 3. This is a formal letter prepared by the External Auditor but signed on behalf of the Council by the Director of Finance. The letter attests to the accuracy of the financial statements, which the Council has submitted to the auditors for their analysis. The Management Letter of Representation enables the Council to declare in writing that the Statement of Accounts and other presentations to the Auditors are sufficient and appropriate and without omission of material facts to the best of management knowledge. The Auditor uses this letter as part of the audit evidence

3 General Fund Revenue Outturn

3.1 The Council's 2019/20 revenue outturn position has been presented in the Portfolio structure that was revised during the 2019/20 financial year. A comparison of the revenue budget and outturn is set out in Table 1 below.

Table 1 – 2019/20 Revenue Outturn Compared to Revised Budget

Portfolio	Budget £000	Actual £000	Variance £000
People and Place	89,810	91,641	1,831
Community Health & Adult Social Care	66,451	68,663	2,212
Children's Services	89,721	91,116	1,395
Communities and Reform	36,996	36,412	(584)
Commissioning	4,199	4,058	(141)
Chief Executive	3,705	3,368	(337)
Capital, Treasury and Technical Accounting	(41,971)	(46,617)	(4,646)
Corporate and Democratic Core	6,960	6,960	-
Parish Precepts	296	296	-
Total net expenditure	256,167	255,897	(270)
Total Funding	(256,167)	(256,167)	-
Current net underspend	-	(270)	(270)

3.2 The Council achieved a surplus of £0.270m at the end of the financial year which is a £0.205m increase on the favourable variance of projected at month 9 and reported to Cabinet on 23 March 2020. The increase in surplus is in part due to the favourable variance for Capital, Treasury and Technical Accounting offsetting the adverse variances elsewhere with the Council, in particular, Community Health & Adult Social Care and Children's Services. The £0.270m has increased the Councils General Fund Balance as discussed at section 4.12. Further details on the variances by Portfolio are provided below.

People and Place

- 3.3 The People and Place Portfolio encompasses the Economic Development, Enterprise and Skills, Environmental Services and Commercial Services Divisions.
- 3.4 The overall objective of the People and Place Portfolio is to grow the economy of Oldham and support the Council's commitment to neighbourhood working by:
- delivering services that maintain and improve the public realm;
 - creating the right environment for growth;
 - focusing on key place making regeneration projects which will act as a catalyst for wider economic activity and investment which will create jobs.
- 3.5 The year-end position for the People and Place Portfolio was a deficit of £1.831m, against a revised budget of £89.810m. The adverse variance is mostly within the Economic Development service and primarily relates to two areas:
- the Catering and Cleaning Service as a result of pressures arising from the introduction of the Oldham Living Wage and current charging levels.
 - the Corporate Landlord/Investment Estate relating to the increased cost of utilities, additional cleaning charges and an under-achievement of income targets relating to the investment estate.
- 3.6 The final outturn of £1.831m was an improvement of £0.326m compared to the projected deficit of £2.157m at month 9. As anticipated, reserves in the sum of £0.750m were applied to fully fund the non-achievement of a budget reduction within Commercial Services, offset by increased overspends totalling £0.426m across a range of services.

Community Health and Adult Social Care

- 3.7 The Community Health and Adult Social Care Portfolio operates around six broad strands:
- Community health and social care;
 - Clusters;
 - Older people and safeguarding;
 - Learning disability and mental health;
 - Community business services; and
 - Commissioning.
- 3.8 The Adult Social Care Service (ASC) carries out statutory functions on behalf of the Council within a changing environment. The Portfolio therefore provides social care support to adults and carers across Oldham with the key aim of integrating and aligning work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient, in relation to both the commissioning and the provision of services.
- 3.9 The outturn for the Community Health and Adult Social Care Portfolio was a deficit of £2.212m. The adverse outturn position relates to significant overspends across all types of community care, linked to both increased demand for services and the complexity of care required by clients. The overspends were offset by unforeseen or better than anticipated grant settlements including the final Better Care Fund allocation and improved income collection through increased client contributions and recoveries.

-
- 3.10 The outturn (£2.212m) represents an adverse movement of £1.165m compared to the forecast pressure of £1.047m reported at month 9. This increase was predominantly as a result of a significant amount of back dated charges for Community Care and Direct Payments together with reduced income recovery for Continuing Health Care from the NHS.

Children's Services

- 3.11 The Children's Services Portfolio comprises the Education, Skills and Early Years Directorate, Children's Social Care and Preventative Services.
- 3.12 The Education, Skills and Early Years Directorate ensures that the Council meets its statutory duties in respect of education for 0 to 19 year olds and for High Needs pupils aged 0 to 25 plus the Lifelong Learning Service and Get Oldham Working. These services enable Oldham residents to gain the necessary education and skills to be able to access employment opportunities both within the Borough but also across the wider Greater Manchester conurbation and beyond.
- 3.13 Children's Social Care provides the Council's statutory social work function for the care and protection of children in need and children and young people at risk of significant harm. Preventative Services has strategic responsibility for services including the Early Help service, the Multi Agency Safeguarding Hub (MASH) and Targeted Youth provision.
- 3.14 The Portfolio as a whole, recorded an adverse variance of £1.395m against a revised budget of £89.721m. This was higher than the forecast at month 9. The majority of the adverse variance (£1.259m) was within Education, Skills and Early Years; the main drivers being the cost of home to school transport, the cost of special educational needs and disabilities (SEND) provision (including out of borough placements) and staffing together with income shortfalls in relation to education psychology services. Children's Social Care reported an underspend of £0.079m. On-going pressures in relation to placements were offset by staffing underspends due to delays in recruiting to a new operating model. Preventative services recorded an overspend of £0.215m.

Communities and Reform

- 3.15 The Communities and Reform Portfolio covers a range of services including Public Health, Heritage, Libraries and Arts, Community Safety and Community Development, Districts, Sport, Youth and Leisure as well as corporate functions such as Human Resources and Organisational Development, Policy, Strategy, Communications, Performance and Transformation including Public Service Reform. The Portfolio also leads on key programmes such as Thriving Communities and Northern Roots.
- 3.16 The Portfolio achieved a favourable variance of £0.584m against the revised budget of £36.996m primarily as a result of vacant posts within the People Services, Youth, Leisure and Communities and Strategy and Performance services. This was an increase of £0.400m on the month 9 forecast surplus of £0.184m.

Commissioning

- 3.17 The Commissioning Portfolio consists of the Finance Service and the Procurement Service. The revenue outturn was an underspend of £0.141m, an improvement of £0.261m compared to the forecast adverse variance of £0.120m estimated at month 9.
- 3.18 The favourable outturn variance was due to a combination of staff vacancies in Finance, Audit and Procurement partially offset by the use of external contractors in Procurement together with additional income from Service Level Agreements for

Information Governance services to schools and associated companies, along with increased insurance claims repudiation. The latter two items account for the movement from the month 9 adverse forecast to a favourable outturn.

Chief Executive

- 3.19 This Portfolio includes the budgets for the Council's Chief Executive, Executive and Senior Management Team and Legal Services. It also encompasses payments to external providers of corporate services; the Coroners service and services provided by the Greater Manchester Combined Authority (GMCA) on behalf of the 10 Districts of Greater Manchester.
- 3.20 The favourable outturn position of £0.337m is £0.088m better than the £0.249m forecast at month 9. The underspend is the result of lower than anticipated contributions for functions undertaken on a regional basis by the GMCA and vacant posts within Legal Services and the Executive Office.

Capital, Treasury and Technical Accounting

- 3.21 The Capital, Treasury and Technical Accounting Portfolio includes the revenue budgets associated with the Council's Treasury Management activities including interest payable on loans and interest receivable on investments.
- 3.22 The Portfolio also includes revenue budgets relating to the technical accounting entries required by the Chartered Institute of Public Finance and Accountancy (CIPFA) and International Financial Reporting Standards such as the removal of depreciation and impairment charges from the Council's service budgets to ensure there is no impact on Council Tax and the replacement of this with a Minimum Revenue Provision, ensuring resources are set aside to repay the Council's debt.
- 3.23 The outturn for Capital, Treasury and Technical Accounting is a favourable £4.646m. The surplus, in the main, relates to a reduction in costs associated with financing the capital programme due to planned expenditure being reprofiled during the year. There was also additional dividend income from external investments and the receipt of un-ringfenced grants which had not been anticipated. The increase of £0.624m from the £4.022m forecast at month 9 was in part due to an additional saving associated with the upfront pension payment to the Greater Manchester Pension Fund (GMPF) for the employer contributions payable to the Local Government Pension Scheme (LGPS).

Corporate and Democratic Core

- 3.24 Corporate and Democratic Core incorporates revenue budgets concerned with the executive management of the Council and Elected Member related activities including policy making, representing local interests and democratic representation. As anticipated, the expenditure associated with this Portfolio was in line with budget.

Parish Precepts

- 3.25 Payments of Parish Precepts and top up grant funding to Parish Councils were in line with the 2019/20 budget resulting in a nil variance.

4 Other Revenue Outturn Issues

Schools Balances

- 4.1 The total school balances for 2019/20 were £5.487m (the cumulative balances from 66 schools) which was a decrease of £1.438m compared to the 2018/19 total of £6.925m. Due to a deficit of £4.916m within the Dedicated Schools Grant (DSG) budget, it was necessary to net down the level of school balances to £0.571m.
- 4.2 The Council and Schools Forum have been working together to agree how to bring the DSG deficit back into balance through changes to operational practice. This work will continue in 2020/21.
- 4.3 The Oldham scheme for financing schools allows 'excess balances' that represent more than a certain percentage of a school's budget for the following year to be carried forward. The percentages for Secondary schools are 5% and for Primary and Special Schools is 8%.
- 4.4 Schools may only request excess balances to be carried forward when there is an appropriate plan in place to utilise the funds. At the end of 2019/20 there were 12 schools (primary and secondary) with excess balances.
- 4.5 During 2019/20, two schools converted to academy status and one new special school opened bringing the total number of Academies in Oldham to 39 from a total of 105 schools.

Housing Revenue Account (HRA)

- 4.6 By the end of 2019/20 the HRA had generated an in-year surplus of £3.323m. After adjustment, this resulted in resources of £0.491m being available to increase the level of balances. This compared favourably with the in-year deficit of £1.889m which was approved at Budget Council. Balances have therefore increased to £21.795m which shows a healthy level of resources to support future spending initiatives.
- 4.7 Other variances within the HRA do not have a net effect on the balances as they are all reversed within the account and are considered "below the line". These include items such as depreciation and impairment on capital assets.

Collection Fund

- 4.8 The collection fund position shown below includes a total of £2.550m which has been distributed in year to preceptors (£2.269m allocated to Oldham Council). The remaining surplus balance of £3.295m will be available for distribution to the Council and the other preceptors in the following proportions Oldham Council (£3.239m), GMCA Mayoral Police and Crime Commissioner (£0.019m) and the GM Mayor for General Services (£0.037m). The preceptors are able to use surpluses to support future year's budget requirements (the Council used £1.400m for 2020/21).

	Council Tax £000	Business Rates £000	Total £000
Balance brought forward	(2,883)	(1,264)	(4,147)
Prior year surplus released in year	2,550	-	2,550
(Surplus)/Deficit for the year	149	(1,847)	(1,698)
Balance carried forward	(184)	(3,111)	(3,295)

Reserves and Balances

- 4.9 The level of General Fund reserves at £87.864m contributes to the financial health of the organisation. The Revenue Account earmarked reserves balance has slightly reduced from £80.623m to £79.360m whilst other earmarked reserves have decreased by £4.431m to £8.504m. These include movements in the Schools Reserve (including the deficit on the DSG) and the Revenue Grant Reserve (neither of which are available for general use).
- 4.10 The net position is an overall decrease in reserves from £93.559m to £87.865m. The most significant movement in reserves was as a result of the increase in the deficit on the DSG.
- 4.11 Many of the earmarked reserves have been set aside to provide financing for future expenditure plans.
- 4.12 The Statement of Accounts shows that balances at the end of 2019/20 were £15.110m. This is an increase of £0.270m compared to 2018/19 reflecting the overall revenue underspending. The level of balances provides increased financial resilience for the Council and enables balances to be held at a value sufficient to support 2020/21 budget setting in line with the calculated risk assessment presented to Budget Council in February 2020.

5 Capital Expenditure and Capital Receipts

- 5.1 The Council incurs expenditure on capital projects in accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2003 definition of capital expenditure. Essentially this defines capital expenditure as spend on assets that have a life of more than one year.
- 5.2 The Council spent £54.383m on its Capital Programme in 2019/20 compared to the forecast spending of £52.497m projected at Month 9 (a variance of £1.886m). The Capital Programme was financed through the use of Government Grants and Capital Receipts. The capital expenditure incurred during the year is shown in the table below by Portfolio area. The marginal increase in actual spend when compared to budget required funding allocated to future years to be re-profiled to fully finance the capital programme in 2019/20.

Table 2 – Capital Programme Outturn Compared to the Forecast Outturn

Portfolio	2019/20 Forecast £000	2019/20 Actuals £000	Variance £000
People and Place	27,269	27,317	48
Community Health & Adult Social Care	2,058	2,407	349
Children's Services	16,154	17,548	1,394
Communities and Reform	110	107	(3)
Corporate Services	4,871	4,870	(1)
Housing Revenue Account	2,035	2,134	99
Total Expenditure	52,497	54,383	1,886

- 5.3 The table below shows the detail of the movement in capital receipts in 2019/20. In year receipts totalling £9.914m were received. The most significant disposals of non-current assets for the year were from the sale of the former Breeze Hill Secondary School (£4.586m), and the Byron Street Infant and Nursery School (£0.605m). As part of the year end process the Council has taken a prudent approach to financing the Capital Programme by utilising the capital receipts balance instead of financing through Prudential Borrowing.

Table 3 – Capital Receipts Summary Position 2019/20

	2019/20 £000
Balance as at 1 April 2019	(0,000)
VAT Shelter	(216)
Right to Buy (RTB)	(1,638)
Disposal of non-current assets	(7,777)
Other	(283)
Total receipts available for Capital Financing	(9,914)
Financing requirement in 2019/20	9,914
Balance as at 31 March 2020	-

6. Summary Outturn Position

- 6.1 The Council has performed well during 2019/20 in financial terms. The Council has continued to support the residents and businesses of Oldham and has continued to develop the Borough. The revenue underspend of £0.270m at outturn is above the level projected at month 9, and as previously advised this will be credited to the General Fund Balance to support the Council in future years. This position demonstrates increased financial resilience against the continuing challenges the Council will face in 202/21 and future years.
- 6.2 The Capital outturn has been managed to minimise the level of re-profiling required at year end. The Council has been prudent in financing the Capital Programme in year by utilising capital receipts and government grants and contributions, removing the need to finance any scheme by prudential borrowing. In accordance with Treasury Management practice, in August 2019 the Council externally borrowed £20.000m (see 7.1 below). This new borrowing has been incorporated into the on-going financing cost of the Capital Programme.
- 6.3 The Council faces many risks, challenges and opportunities in the future. Many of these are discussed in the Narrative Report within the Statement of Accounts. Although the impact of COVID-19 on the 2019/20 financial year was limited, the pandemic sets the scene for 2020/21 and future financial years and will place an additional strain on an already challenging 2021/22 budget setting process. The effect on both the local and national economy cannot yet be determined with any accuracy however the pandemic will have a significant impact on the Council's resources especially in terms of lost income from fees, charges and commercial investment. However, the Council has well-established and rigorous risk management processes, together with robust financial management and reporting, which will ensure that the Council is well placed to deal these emerging issues in 2020/21 and future years.

7 Treasury Management

Borrowing

- 7.1 During August 2019, the Council undertook external borrowing of £20.000m. The borrowing was undertaken when market rates reached the Council's internal trigger points. This ensured borrowing was undertaken at the optimum point to minimise future costs. This new borrowing has been incorporated into the on-going financing cost of the Capital Programme. Therefore, as at the 31 March 2020, the Council had total long and short term borrowings (including interest) of £170.080m, this includes Public Works Loan Board (PWLB), Lender Option Borrow Options (LOBO) and other market debt.

Investments

- 7.2 The Council managed all of its short-term investments (surplus cash investments) in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £103.120m of investments.
- 7.3 The Council's investment strategy was to maintain sufficient cash reserves to give it necessary liquidity, whilst trying to attain a benchmark average rate of return compared to the London Interbank Bid Rate (LIBID) on the relevant time deposit, multiplied by 5%, whilst ensuring funds were invested in institutions which were the most secure. The table below shows the returns by the relevant time period:

Table 4 – Actual Performance Against Benchmark

	Benchmark LIBID Return %	Actual Return %
7 Day	0.56%	0.73%
1 Month	0.59%	0.89%
3 Month	0.67%	1.01%
6 Month	0.74%	0.89%
12 months	0.84%	0.97%
Average Return		0.90%
Target Rate		0.68%

- 7.4 As can be seen, the Council's overall performance on its cash investments exceeded its LIBID benchmark in all periods.

8 Overview of Core Statements

- 8.1 The four core Statements to the Accounts are the:
- i) Comprehensive Income and Expenditure Statement (CIES)
 - ii) Movement in Reserves Statement (MiRS)
 - iii) Balance Sheet
 - iv) Cash Flow Statement
- 8.2 They are included in the Statement of Accounts on pages 43 to 47. A commentary of the key issues arising in each Statement is set out as follows:

Comprehensive Income and Expenditure Statement (CIES)

- 8.3 The CIES is required under IFRS. It shows the accounting cost of providing services rather than the amount to be funded from taxation or rents. This means that it includes accounting transactions such as depreciation and revaluation gains/losses.

Comprehensive Income and Expenditure Statement	Note	Gross Expenditure £000	2019/20 Gross Income £000	Net Expenditure £000
Chief Executive		5,800	(1,980)	3,820
Commissioning		7,930	(3,966)	3,964
People and Place		79,315	(25,640)	53,675
Children's Services		272,250	(184,777)	87,473
Community Services & Adult Social Care Reform		104,877	(35,850)	69,027
Capital, Treasury and Technical Accounting		45,714	(8,827)	36,887
Corporate and Democratic Core		65,649	(57,790)	7,859
Central Services		6,960	-	6,960
Housing Revenue Account		-	-	-
		15,135	(28,869)	(13,734)
Cost of Services		603,630	(347,699)	255,931
Other Operating Expenditure:				
- Parish Council precepts		278		
- Payments to the Government housing capital receipts pool		-		
- Levies		33,988		
(Gains)/losses on the disposal of non-current assets		(936)		
Total Other Operating Expenditure				33,330
Financing and Investment Income and Expenditure (a)	3			43,869
Taxation and Non-Specific Grant Income (b)	4			(260,186)
Deficit on Provision of Services (c)				72,942
Other Comprehensive Income and Expenditure				
Revaluation gains on non-current assets	16a			(39,392)
Impairment losses on non-current assets	16a			64
Surplus on revaluation of available for sale financial assets				22,287
Remeasurement of net defined benefit liability	30			(127,995)
Total Other Comprehensive Income and Expenditure (d)				(145,036)
Total Comprehensive Income and Expenditure				(72,094)

Key points to note from the CIES are:

(a) Financing and Investment Income and Expenditure

- 8.4 Financing and Investment Income and Expenditure of £43.869m (detailed at Note 3) contains transactions relating interest payable and receivable, dividend income and losses on transfer of schools to Academy Status.

(b) Taxation and Non Specific Grant Income

- 8.5 The sum of £260.186m (detailed at Note 4) contains Council Tax, Business Rates and grants received from Central Government to finance revenue expenditure throughout the year. This income is not attributable to a specific service.

(c) Deficit on the Provision of Services

- 8.6 The Deficit on the Provision of Services of £72.942m represents the Council's accounting deficit position for the year as required under IFRS which allows comparison to be made with other organisations in both the public and private sectors. This deficit includes charges for accounting entries such as depreciation, impairment and pension adjustments which are reversed under statute as they should not impact on the Council's General Fund position and the Council Tax Payer when calculating the Council Tax requirement. These reversals are shown in the MiRS.
- 8.7 As previously highlighted, the Council's outturn position for the year is a £0.270m underspend, which has been credited to the Council's General Fund Balance as shown in the Movement in Reserves Statement presented below.

(d) Other Comprehensive Income and Expenditure

- 8.8. There are a number of elements to Other Comprehensive Income and Expenditure, the sum of which totals a surplus £145.036m mainly due to the remeasurement of the net defined benefit liability movement of £127.995m as mentioned in 8.10 below (note this is a change of £17.379m from the draft Statement of Accounts when the figure was £110.616m due to an updating of the pension valuation).
- 8.9 The Council's non-current assets are revalued on a rolling 5 year programme. Any movement on the value of these are assets which is not chargeable to the cost of service is instead reflected in other comprehensive income and expenditure and the revaluation reserve.
- 8.10 In addition, the remeasurement of the 'net defined benefit liability' represents the Pension Actuary's movement of the Council's pension liability as at the 31 March 2020. This remeasurement is based on a number of financial assumptions made by the Actuary based on market conditions at the 31 March 2020 in order to calculate the movement on the liability in the year. Further detail of the assumptions used are presented in Note 30 of the Statement of Accounts. This adjustment is required by the accounting standards covering pensions.

Movement in Reserves Statement (MiRS)

- 8.11 The MiRS reverses the accounting transactions included within the Deficit on the Provision of Services shown above in the CIES. Once these transactions have been reversed the amount which is statutorily chargeable to taxpayers or rents is arrived at. A summary reconciliation showing the movement between the CIES position and the statutory position is shown below. The General Fund and HRA balances will be adjusted by the net Surplus or Deficit shown above. The subsequent balance will then be available to support expenditure in 2020/21.
- 8.12 A reconciliation of the financial outturn position to both the CIES and MiRS is provided in Note 1 Expenditure and Funding Analysis in the Statement of Accounts and is summarised below.

	General Fund £000	HRA £000	Total £000
(Surplus)/Deficit on the Provision of Services	76,191	(3,249)	72,942
Total Technical Accounting Adjustments	(70,767)	2,758	(68,009)
Transfer to Earmarked General Fund Reserves	(5,694)	-	(5,694)
Net Surplus	(270)	(491)	(761)

Balance Sheet

- 8.13 The Balance Sheet below shows the Council's net assets have increased by £72.094m in 2019/20 from £94.967m to £167.061m a change from the draft Statements entirely due to a £17.379m movement in the pension valuation.

31 March 2019 £000		Note	31 March 2020 £000
727,663	Property Plant and Equipment	17	734,215
19,939	Heritage Assets	18	19,770
17,945	Investment Property	19	20,077
3,784	Intangible Assets		4,060
71,253	Long Term Investments	21	50,095
21,507	Long Term Debtors	22	22,508
862,091	Long Term Assets		850,725
32,235	Short Term Investments	21	40,775
675	Inventories		621
47,577	Short Term Debtors	22	43,225
33,229	Cash and Cash Equivalents	23	59,898
5,604	Assets Held For Sale (less than one year)		310
119,320	Current Assets		144,829
(1,666)	Short Term Borrowing	21	(1,716)
(52,492)	Short Term Creditors	24	(68,456)
(13,335)	Short Term Provisions	25	(12,567)
	Short Term Liabilities		
(9,751)	- Private Finance Initiatives	21,28	(10,216)
(219)	- Finance Leases		(314)
(1,054)	- Transferred Debt		(1,108)
(78,517)	Current Liabilities		(94,377)
(15,916)	Long Term Provisions	25	(15,800)
(148,373)	Long Term Borrowing	21	(168,364)
	Other Long Term Liabilities		
(406,919)	- Pension Liabilities	30	(324,871)
(232,747)	- Private Finance Initiatives	21,28	(222,531)
(507)	- Finance Leases		(474)
(2,332)	- Transferred Debt		(1,224)
(17)	- Deferred Credits		(17)
(1,116)	Capital Grants Receipts In Advance		(835)
(807,927)	Long Term Liabilities		(734,116)
94,967	Net Assets		167,061
(173,342)	Usable Reserves	MiRS MiRS,	(146,515)
78,375	Unusable Reserves	16	(20,546)
(94,967)	Total Reserves		(167,061)

- 8.14 The increase in net assets is mainly attributable to the following movements:

- A decrease in the Pension Liability of £82.048m (a movement of £17.379m from the draft Statements) the majority of which relates to a change in the assumptions used by the Council's actuaries (Hymans-Robertson) as part of the Council's actuarial valuation, as described at 8.10. The assumptions are determined by the actuary and represent market conditions at the reporting date.

- An increase in the value of Property, Plant and Equipment (PPE) of £8.791m mainly due to revaluation gains in the Council's portfolio and additions of intangible assets in year.
- Long Term Investments have decreased by £21.158m in year. This primarily relates to the decrease of £22.500m in the value of the shares in Manchester Airport Holding Ltd.
- The increase in Long Term Debtors primarily relates to the interest on a loan to Manchester Airport Group.
- An increase in the value of Short-Term investments held at year end of £8.540m. This variance between years relates to timing differences on the maturity of investments which span fewer than 12 months.

Cash Flow Statement

- 8.15 Cash and cash equivalents have increased by £26.669m, due to borrowing completed during the year in line with the Council's Treasury Management Strategy, additional Government grants received in March 2020 to tackle the COVID-19 crisis together with the upfront payment for Grant in Lieu of Business Rates for 2020/2021 that was also received in March 2020.

	Notes	2018/19 £000	2019/20 £000
Net deficit on the provision of services		(44,317)	(72,942)
Adjustment to surplus or deficit on the provision of services for non-cash movements	31	100,505	130,091
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31	(6,734)	(29,948)
Net cash flows from operating activities		49,454	27,201
Net Cash flows from Investing Activities	32	(49,239)	(9,835)
Net Cash flows from Financing Activities	33	(9,436)	9,303
Net increase or (decrease) in cash and cash equivalents		(9,221)	26,669
Cash and cash equivalents at the beginning of the reporting period		42,450	33,229
Cash and cash equivalents at the end of the reporting period		33,229	59,898

9 Group Accounts

- 9.1 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.
- 9.2 The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts.
- 9.3 The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall into the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The aim is that the

statements therefore give an overall picture of all of the Council's financial activities and the resources employed in carrying out those activities.

9.4 The Council has assessed its group boundary for 2019/20 and has identified two subsidiaries that are considered to be material and have therefore been consolidated into its group accounts. They are the two wholly owned companies, the MioCare Group Community Interest Company (CIC) and the Unity Partnership Limited.

9.5 As subsidiary entities, Miocare Group CIC and the Unity Partnership Limited have been consolidated on a line by line basis with all intra-group transactions and balances removed. The Group Accounts therefore consist of a CIES, MiRS, Balance Sheet and Cash Flow Statement and explanatory notes and are presented in Section 5 of the 2019/20 Statement of Accounts. Changes from the draft Statements wholly reflect adjustments to the Councils CIES and Balance Sheet as explained above.

10 **The Performance of the Finance Service**

10.1 The preparation of the accounts represents just one outcome of the range of achievements of the Finance Team during 2019/20 as it continues to enhance and develop its performance. The work of the Finance Team underpins the work of the Council as well as ensuring compliance with statutory requirements, budget management and excellent financial practice.

10.2 The early closure of accounts has been a significant driver of efficiency allowing work to be undertaken more effectively. This means members of the Finance Team are able to work on other tasks and projects once the accelerated accounts closedown process is complete.

10.3 The national lockdown and the range of new challenges facing the Council and the Finance Team has limited the ability of the Team to progress the work on final accounts to the anticipated timetable. However, it must be noted that by submitting the draft Statement of Accounts to the External Auditor on 31 May 2019, it was still within the original statutory deadline for Local Authority accounts and well ahead of the revised timeline.

10.4 It is important to note that the delivery of the accounts to this timescale has been achieved by the hard work, commitment and dedication of the Finance Team who can all be proud of their contributions. This year-end has been even more challenging due to the current working environment with most colleagues working from home. However, as in previous years, this has been a real team effort.

11 **Options/Alternatives**

11.1 The Audit Committee members can either choose to:

- 1) Consider the Council's Statement of Accounts for 2019/20,
- 2) Note the Management Letter of Representation, and
- 3) Delegate the approval of the Council's Statement of Accounts to the Vice Chair of the Audit Committee and Director of Finance on receipt of advice from the External Auditor.
- 4) Or not to approve any of the above.

12 **Preferred Option**

12.1 The preferred option is that Audit Committee:

- 1) Considers the Council's Statement of Accounts for 2019/20,
- 2) Notes the Management Letter of Representation, and
- 3) Delegates the approval of the Council's Statement of Accounts to the Vice Chair of the Audit Committee and Director of Finance on receipt of advice from the External Auditor.

13 **Consultation**

13.1 Consultation has taken place with the Council's External Auditors, Mazars LLP, in addition members of the public have the opportunity to inspect the Council's Statement of Accounts and supporting documents during the 30-day public inspection period which concluded on 10 July 2020.

13.2 A high-level summary of the provisional outturn position and an update on the preparation of the Council's draft Statement of Accounts for the financial year 2019/20 was presented to the Audit Committee meeting of 4 June 2020. The draft Statement of Accounts was reviewed at the Audit Committee meeting of 23 June 2020 and was a key element of the consultation process. Formal presentation of the accounts to Members of the Audit Committee at this meeting allows the opportunity for further review and scrutiny prior to the approval of the accounts

14 **Financial Implications**

14.1 Dealt with in the body of the report.

15 **Legal Services Comments**

15.1 There are no Legal implications.

16 **Co-operative Agenda**

16.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the cooperative ethos of the Council.

17 **Human Resources Comments**

17.1 There are no Human Resource implications.

18 **Risk Assessments**

18.1 There are no risk implications as a result of this report.

19 **IT Implications**

19.1 There are no IT implications as a result of this report

20 **Property Implications**

20.1 There are no Property implications.

21 **Procurement Implications**

21.1 There are no Procurement implications.

-
- 22 **Environmental and Health and Safety Implications**
- 22.1 There are no Environmental and Health & Safety implications as a result of this report.
- 23 **Equality, Community Cohesion and Crime implications**
- 23.1 There are no Equality, community cohesion and crime implications.
- 24 **Equality Impact Assessment Completed?**
- 24.1 Not Applicable
- 25 **Key Decision**
- 25.1 No
- 26 **Key Decision Reference**
- 26.1 Not Applicable.
- 27 **Background Papers**
- 27.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:
- File Ref: Background Papers are provided at Appendix 1.
Officer Name: Lee Walsh
Contact No: 0161 770 6608
- 28 **Appendices**
- 28.1 Appendix 1 – 2019/20 Statement of Accounts
Appendix 2 – Changes to draft Statement of Accounts
Appendix 3 – Management Letter of Representation

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Oldham Council.

**Statement of Accounts
2019/20**

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1.0 Preface

1.1 Introduction to the 2019/20 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services



Councillor Abdul Jabbar MBE

As Cabinet Member for Finance and Corporate Services I am immensely proud to welcome you to Oldham Council's Statement of Accounts for 2019/20. The Accounts are an opportunity to not only present the Council's outturn financial position for 2019/20 but to demonstrate the excellent financial management exercised by the Oldham Finance Team, especially in the context of the challenges being faced by the Council.

I have been a Councillor for more than 25 years and during that time I have seen many changes in both the Borough of Oldham and the Council itself. Much of the change has been welcomed but the challenges caused by the reduced funding available to the Council have been a cause of concern. The financial challenges have continued over the last year with budget pressures having to be addressed. Other changes have included the increasing integration with the Oldham Clinical Commissioning Group (CCG) to promote joint working across health and social care, the General Election and most recently, the impact of the COVID-19 pandemic.

The pandemic has resulted in the most widespread adjustment to our way of life that any of us can remember and it is the responsibility of Local Authorities to support their residents and local businesses in these challenging times. Although the impact on the 2019/20 financial year has been limited, the pandemic sets the scene for future financial years and places additional strain on the budget for 2020/21. The effect on both the local and national economy cannot yet be determined with any accuracy however the pandemic will have a significant impact on the Council's resources, in terms of increased expenditure but especially lost income.

During 2019/20 the trend of the increasing demand for services has continued and this has resulted on higher spending in some areas and hence pressure on revenue budgets. Our budget monitoring processes have, however, been robust in identifying any overspending and options to address them. I am happy to see once again we have managed to respond resulting in a very small favourable variance of £0.270m compared to the revised budget.

The most significant overspending areas in 2019/20 continued the trend from 2018/19 in the People and Place, Children's Services and Community Health & Adult Social Care portfolios. This has been offset by underspends in the Capital, Treasury and Technical Accounting Portfolio, again a trend in Oldham that has prevailed for the past few years.

However, it is important to remember that there has been much to celebrate in the year with the positive outcome of the Council's Corporate Peer Challenge, particularly highlighting the performance of the Finance team. Also, the approval of the major regeneration strategy, 'Creating a Better Place' which sets an ambitious plan for building new homes, creating job opportunities and re-engaging communities and partners through property/estate co-location and collaboration. As well as delivering major transformation of the Borough from a place perspective, the strategy is expected to deliver indicative medium to long term savings to support the revenue budget in future years.

After another eventful year the Council's Officers and Members must now look at what the 2020's will bring, weighing the expectations and needs of residents against the funding constraints. However, I am confident that Oldham, as a resilient Borough with excellent opportunities for the future, will be able to rise to whatever challenges the future will bring.

Finally, I would like to recognise the hard work and dedication shown by the Finance and Internal Audit teams throughout the year, particularly demonstrated by this robust set of accounts, the work undertaken to set the 2020/21 budget along with the support provided in delivering key Council objectives.



Councillor Abdul Jabbar MBE
Deputy Leader and Cabinet Member for Finance and Corporate Services

1.2 Narrative Report

Message from the Director of Finance – Anne Ryans



Anne Ryans

My role as the Director of Finance and Section 151 Officer is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council is able to provide quality services to all the residents of Oldham and to continue to take forward the development and regeneration of the Borough.

The following Statement of Accounts give an overview of the Council's finances for 2019/20. I am pleased to report that we have maintained our strong financial position, which demonstrates once again the excellent standard of financial management and stewardship of the Council's resources.

The Oldham Council Finance Team aims to prepare the Statement of Accounts to the highest standards and in accordance with the guidance for Local Authorities in the UK. The Statement of Accounts provides information so that members of the public, including electors and residents of Oldham, Council Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2019/20.
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner.
- Assurance that the financial position of the Council is sound and secure.

It is important to note that the deadlines for the preparation of the Accounts have been changed for 2019/20. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.

The draft Accounts must now be submitted for audit by 31 August 2020 rather than 31 May 2020 and the timeline for the conclusion of the audit is now 30 November 2020 rather than 31 July 2020.

The Accounts were submitted to the External Auditor on 31 May 2020 in accordance with internal timelines, and significantly ahead of the revised statutory deadline.

The Council has continued to follow best practice principles and submitted the draft accounts to the Audit Committee to allow Members the opportunity to review them before they are asked

to formally approve the Statement of Accounts. The review of the accounts took place at the meeting of the Audit Committee on 23 June 2020.

The Finance Service strives to continuously improve its procedures and processes and we have gladly taken on board the recommendations made by the External Auditor as part of the 2018/19 accounts audit. The recommendations were relatively minor in nature and were adopted by the Council during the year.

The Finance Team provides a high quality financial management service for the Council. In addition to the preparation of the Statement of Accounts, a key task is financial planning over a five year medium term timescale. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is crucial to supporting the Council's resilience and long-term financial sustainability. Given the current level of uncertainty, the unknown impact of Brexit, and the widespread pressures on revenue budgets, it is more important than ever that we have a thorough understanding of our financial outlook and are planning effectively for the future.

With this in mind, the Finance service produces on an annual basis, a Medium Term Financial Strategy (MTFS) which helps to bring together all known factors affecting the Council's financial position and its financial sustainability. The MTFS is as wide ranging as possible and includes estimates of future income and expenditure. It allows the Finance team to balance the financial implications of the Council's Corporate Plan, service objectives and policies with the constraints in resources. This in turn forms the basis for decision making and the production of the revenue budget.

The MTFS along with the balanced 2020/21 budget were presented for approval at the Full Council meeting on 26 February 2020. The report advised Members of the key financial challenges and issues which will be faced by the Council over the forecast period and set out the Administration's revenue budget proposals for 2020/21 together with updated budget gap estimates for the period 2021/22 to 2024/25. The budget and future years estimates were of course prepared before the impact of the COVID-19 pandemic and will be revisited during 2020/21 to determine any in-year action required to balance 2020/21 and to inform the budget reduction requirements for the MTFS period.

Working to the enhanced final accounts deadlines for many years and consistently delivering the Council's Statement of Accounts to a high standard, as acknowledged by our External Auditor in previous years, is only possible because of the hard work and dedication of the staff in the Finance Service. This year has been especially challenging as all members of the Finance Team have had to work from home as a result of the national lockdown which coincided with the end of the financial year and the critical time for finalising the Statement of Accounts. However, the preparatory work up to the year-end stood us in good stead and the team ethos has remained strong, with all members of staff working together to deliver the best possible outcomes.

The following Narrative Report is an important part of the accounts and provides information about Oldham, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2020.

An Introduction to Oldham

Oldham Council is one of ten Local Authorities in Greater Manchester. It lies in the North East of the region and covers an area of approximately 55 square miles (142.4km sq.). The Borough shares its borders with the City of Manchester, the Metropolitan Boroughs of Tameside and Rochdale and to the east, Kirklees and Calderdale. Oldham occupies a key position between Greater Manchester and the Leeds City Region and provides a gateway to the North West and to Yorkshire and Humberside. It is located within the foothills of the Pennines and stretches from the Northern edge of the Peak District National Park to the outskirts of the City of Manchester. No residential location in the Borough is more than two miles away from open countryside.

The Borough of Oldham has a proud industrial heritage but, along with many towns and cities, the industries on which the wealth of the area was built have now declined. Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the Borough and is a key priority of the Administration.

Oldham is a unique place with a mix of the challenges, changes and opportunities which exemplify the changing face of modern Britain. Some wards within the Council are amongst the most deprived in the country. By contrast, there are some areas of great affluence. The Council therefore provides services designed to meet the needs of its citizens, serving both an urban and rural environment influenced by the makeup of the population, education, economy, health and housing.

Oldham is the seventh largest Local Authority in Greater Manchester (GM) with a population of circa 235,623 (Office for National Statistics (ONS) 2018). Its population is projected to reach 255,200 by 2041. The population is very diverse with over 120 languages spoken and a Black, Asian and Minority Ethnic community that is twice the size of the North West average. Council service provision will need to anticipate and adapt to both the projected growth and the changing age profile of the population of the Borough and this will be reflected within the financial planning process.

Key Information about Oldham Council Governance

Oldham Council is a multifunctional and complex organisation. Its policies are directed by the Political Leadership and implemented by the Executive Management Team (EMT) and officers of the Council. The political and management structures of the Council are described below together with the political ethos driving the policy agenda and the means by which these are implemented and managed.

Political Structure in the 2019/20 Municipal Year

The Council is made up of 60 Councillors from 20 wards across the Borough. The political make-up of the Council after the local elections held on 2 May 2019 was as follows. This remained unchanged throughout the 2019/20 financial year;

Labour Party	46 Councillors
Liberal Democrat Party	8 Councillors
Conservative Party	4 Councillors
Failsworth Independent Party	1 Councillor
Independent	1 Councillor

The Labour Party has control, continuing with the driving ethos of a Co-operative Council.

The Council has adopted the 'Strong' Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council (Cllr Sean Fielding) has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

During 2019/20, the Cabinet was comprised of eight Councillors. It is responsible for strategic decisions, implementing agreed policies, providing political leadership and recommending proposals for approval by full Council on the budget, Council Tax levels and the Council's policy framework.

The Cabinet's portfolio areas are broadly aligned to the Council's key service directorates, enabling the joint sharing of priorities. There are good working relationships between officers and elected Members with Cabinet members regularly meeting with their respective senior officer leads to monitor the progress of business plans, consider key service developments and improvements, and address any areas of concern.

Cabinet members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny of executive decisions for 2019/20 has been undertaken by either the:

- Overview and Scrutiny Board;
- Overview and Scrutiny Performance and Value for Money Select Committee; or the
- Health Scrutiny Overview and Scrutiny Committee.

The setting of a balanced budget was subject to detailed review by the Overview and Scrutiny Performance and Value for Money Select Committee.

The Oldham Council 2019/20 Cabinet structure is shown on the following diagram:

Economy and Enterprise

City region and devolution
External Relations
Communications and media
Regeneration and Infrastructure
Enterprise and Business Support
Capital Projects and investments
Corporate property and assets
Oldham Town Centre and Markets
Libraries, Heritage and Local Studies
Culture and Arts

Social Justice and Communities

Community Safety and policing
Community cohesion
First Response
Early Help
Youth Justice
Community Justice
Probation Services
District Working
Community engagement
(Including changing behaviours and Get Oldham Growing)
Licensing
Policy and Communications
Public Service Reform

Finance and Corporate Services

Finance
HR and Organisational Development
Council Workforce – In Work Progression
ICT and Transactional Services
Internal Business Support Unit
Revenues and Benefits
Customer Services (Including Contact Oldham)
Low Carbon

Education and Skills

Education
Early years
Education and skills commission
School place planning
Looked after children – educational performance
Get Oldham Working
Employment and employability
Work and skills strategy
Skills and lifelong learning
Apprenticeships

Neighbourhoods Services

Parks and Countryside services
Transport
Highways
Trading Standards
Registrars and Cemeteries
Gritting
Car Parking Enforcement
Street Lighting
Environmental Services and Enforcement

Children's Services

GM Childrens' Partnership
GM Childrens' Services Review
Adoption and Fostering
Children in care
Child safeguarding
Children's Health and Wellbeing
Youth Service

Health and Social Care

Adult Social Services
Adult Safeguarding
Provider Services
Disability Services and adaptations
Family Support
GM Adult Services Review
Health Devolution
Oldham Locality Plan
Health Improvement
Population Health (inc. Leisure & Sport)
Mental Health
Fit for Oldham

Housing

Strategic Housing
Housing Quality Enforcement
Planning and Building Control
Homelessness

Management Structure of the Council

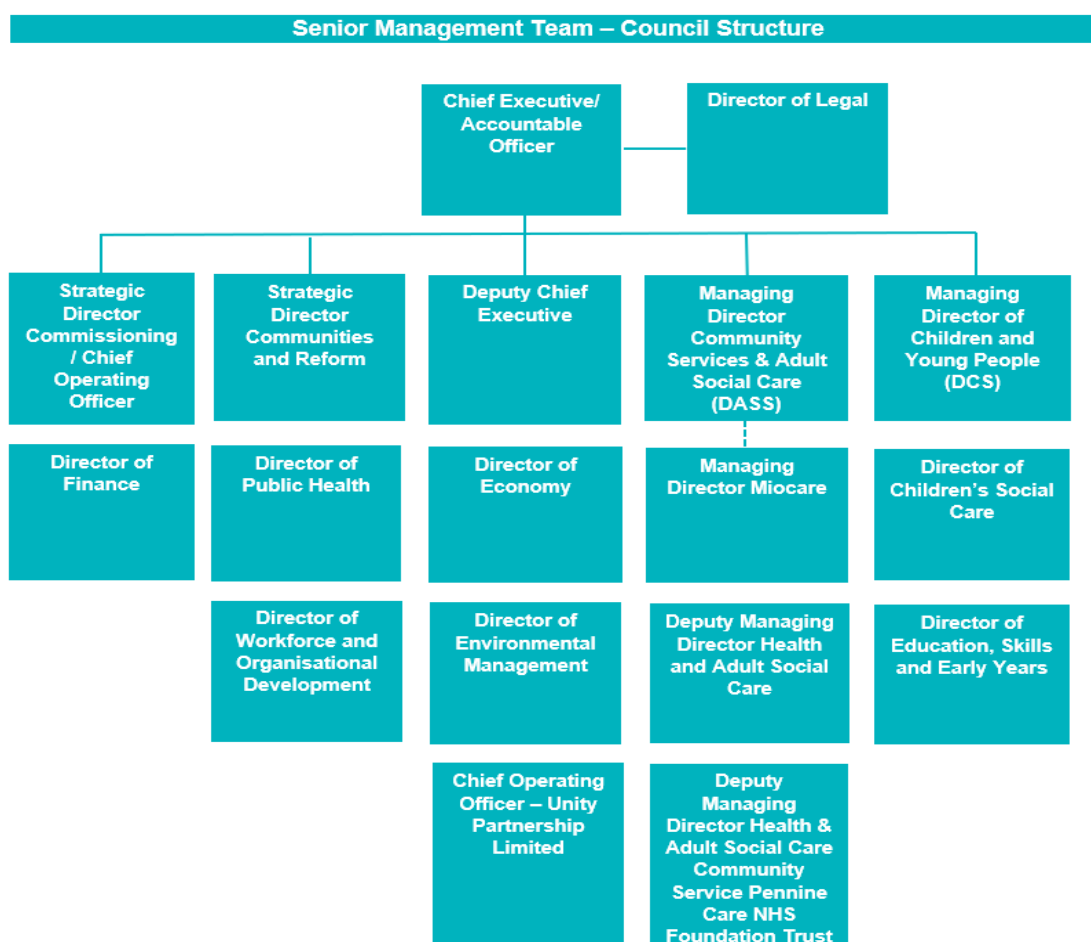
Supporting the work of Councillors is the organisational structure of the Council headed by the Executive Management Team (EMT) led by the Chief Executive Dr Carolyn Wilkins OBE, who is also Accountable Officer for NHS Oldham Clinical Commissioning Group (CCG).

The management structure of the Council was revised with effect from 22 May 2019 with Portfolio responsibilities realigned and reporting arrangements changed. Therefore for the majority of 2019/20, EMT was comprised of the Chief Executive and Accountable Officer, the Deputy Chief Executive, the Strategic Director Communities and Reform, the Strategic Director Commissioning/Chief Operating Officer Oldham CCG, the Managing Director Community Services and Adult Social Care (DASS) and the Managing Director Children and Young People (DCS). The structure is shown in the table below.

The Chief Executive and other members of the EMT provide managerial leadership of the Council and support Elected Members of the Council in:

- Developing strategies
- Identifying and planning resources
- Delivering plans
- Reviewing the Authority's effectiveness with the overall objective of delivering a Co-operative future where everyone does their bit to create a confident and ambitious Borough

This leadership team works together to deliver effective services for the Borough's diverse communities. It also ensures that Oldham plays a full part in national, regional and sub-regional activities.



From an operational perspective, EMT and the Senior Management Team (SMT), which is comprised of Service Directors, is integrated into a single management meeting and is chaired by the Chief Executive. The Director of Finance attends SMT meetings in her role as the Council's Chief Finance Officer, the officer responsible under statute for the administration of the Council's financial affairs. Similarly, other statutory officers, the Director of Public Health and the Director of Legal Services (Monitoring Officer) also attend SMT.

As advised above, in addition to undertaking the role of Chief Executive for Oldham Council, Dr Carolyn Wilkins OBE is also the Accountable Officer for NHS Oldham CCG. Operating as Oldham Cares, the management and reporting structure of both the Council and CCG have been integrated to create a Joint Leadership Team (JLT). JLT is comprised of members of SMT including the Director of Finance and senior officers and officials of the CCG. JLT reports through to the Commissioning Partnership Board (CPB).

In addition to the Chief Executive, aligned to the Oldham Cares model, the senior team also has other joint appointments across health partners. The Chief Officers of both the Councils wholly owned companies are also part of SMT.

Council Employees

At the start of April 2019, the Council employed 2,699 people (excluding school-based employees). By March 2020 this had decreased by 2.5% to 2,631. The Council continues to deliver its People Strategy and its quest to be the employer of choice and an anchor institution in Oldham; through a robust infrastructure, both within the Council and in collaboration with partners; through the development and redesign of the Council's operating model to best meet the needs of Oldham residents and through building organisational capability through real cooperative partnerships with other employers and community members alike.

A Co-operative Council

Oldham has been a Co-operative Council since 2011 and the Council continues its commitment to delivering a co-operative future where everybody does their bit, and everyone benefits. This is achieved by a real commitment to change and working closely with residents, partners and our wider communities to create a confident and ambitious borough.

The ethos of the Co-operative Council and the principles of both the Oldham Plan and the Corporate Plan set the operating framework for the Council.

The Oldham Plan

The Oldham Partnership's plan for the Borough is a collective action statement covering the period 2017 to 2022 and sets out the areas where the Oldham Partnership will achieve the ambition for Oldham to be a productive and co-operative place with healthy, aspirational and sustainable communities. The Plan is based around the Oldham Model - three change platforms enabled and complemented by public service reform and empowering communities, as summarised below:

- **An Inclusive Economy**
The vision is for Oldham to become Greater Manchester's Inclusive Economy capital by making significant progress in living standards, wages and skills for everyone.
- **Thriving Communities**
The vision is for people and communities to have the power to be healthy, happy and able to make positive choices and both offer and access insightful and responsive support when required.

- **Co-operative Services**

The vision is to collaborate, integrate and innovate to improve outcomes for residents and create the most effective and seamless services in Greater Manchester.



The Corporate Plan

The Corporate Plan is the Council's key strategic document and outlines the Council's contribution to achieving the vision and outcomes detailed in the Oldham Plan, as well as priority areas of focus and delivery for the organisation to continue to deliver the vision of a co-operative future, where everyone does their bit to create a confident and ambitious Borough.

During 2019/20 the Council was focussed on delivering to the objectives of the Corporate Plan. The Plan set out how everyone could do their bit to support delivery of the ambitions and outcomes:

#ourbit is what Oldham Council is doing or contributing to help improve something.

#yourbit is how local people, businesses and partners are helping to make change happen.

The **#result** is how we are all benefiting from working together.

The diagram below illustrates how this methodology is applied to the three change platforms in the Oldham Model.

An Inclusive Economy **where people and enterprise thrive**

#ourbit: Attracting investment and encouraging business and enterprise to thrive

#yourbit: Supporting and promoting local businesses and ventures

#result: Oldham is open for business

#ourbit: Delivering key regeneration projects that are growing our business base, creating jobs and transforming opportunities

#yourbit: Visiting the attractions and promoting them as ambassadors

#result: A regenerating and confident borough

#ourbit: Working with partners to create quality work prospects - and ensuring all residents can access new skills and opportunities and be work-ready

#yourbit: Making the most of the education and skills offer and aiming to better yourself

#result: An ambitious and socially mobile borough

Thriving Communities

where everyone is empowered to do their bit

#ourbit: Increasing the sense of involvement and ownership of issues that affect people and they care about

#yourbit: Getting involved in your community: actively sharing ideas and experience with others about things you are passionate about

#result: Engaging and resilient communities

#ourbit: Working proactively with residents and partners in promoting healthy, independent lifestyles and providing the right level of care at the right time

#yourbit: Living well, eating healthily, inspiring others and getting the right support at the right time and place

#result: Healthier communities

#ourbit: Nurturing and safeguarding strong neighbourhoods that work together to improve their lives and the communities around them

#yourbit: Working with other residents to build strong networks that are shaping the future where you live

#result: Safer, stronger and striving communities

Co-operative Services **with people and social value at their heart**

#ourbit: Building a sustainable co-operative workforce that innovates based on the principle of being equal partners and co-creators

#yourbit: Taking an active role by working with others in shaping better outcomes and making them happen

#result: A co-operative workforce

#ourbit: Putting social value and transformational outcomes at the heart of all our services

#yourbit: Telling us where services are not delivering the right outcomes for you and your community

#result: Outcome-driven services

#ourbit: Reforming public services and encouraging innovation, leading to better outcomes and delivery

#yourbit: Getting involved and having your say in designing future public services

#result: Empowering the positive reform of public services

Together these objectives and ambitions reflect the on-going commitment to ensuring the Council and its partners work with the residents of Oldham to bring about positive change and provide strong leadership for a co-operative Borough.

During 2019/20 work had been undertaken to refresh the Corporate Plan with effect from May 2020. This has been delayed due to the COVID-19 pandemic. The revised document will have regard to the work needed to respond to the pandemic and take forward the period of recovery.

Challenges and Opportunities for Oldham

Employment and Skills

Oldham is home to over 6,240 businesses employing roughly 81,000 people. However, as the business base is primarily made up of small or medium-size enterprises (fewer than 50 and 250 employees respectively), this has resulted in the Borough becoming more reliant on public sector employment, particularly within the Local Authority and the NHS which together provide more than 20% of jobs across Oldham.

The 2019/20 employment rate in Oldham (67.5%) has fluctuated over time but remains lower than both the GM (72.8%) and national averages (75.6%). The Borough has high rates of residents with long term illness or disability and large numbers of inhabitants not in work. Skills represent an additional challenge, particularly in adults. Despite improvements, there are a higher proportion of residents with no qualifications and fewer residents holding degree level qualifications compared to GM and national averages.

The Council is dedicated to changing these trends and has had some significant successes throughout the year. For example, in November 2019 Oldham successfully achieved Foundation Living Wage Accreditation. The accreditation commits Oldham Council to paying at least the Foundation Living Wage (currently £9.30 per hour) to all staff, and to work with suppliers to ensure that they do the same. Given the important role that public sector employers have within the Borough this is a significant step forward in ensuring increasing prosperity for residents.

Other Council achievements in the promotion of employment and skills during 2019/20 include:

- ✓ The launch of Ageing Well Oldham, an initiative to help residents over the age of 50 further their career, get help with business funding and improve overall health and wellbeing.
- ✓ The pledge of £0.100m to help businesses and create jobs as part of the Oldham Business Grants scheme. This funding supports the Council's aim to help local businesses to thrive in uncertain financial times and to ensure one of the town's biggest assets – our residents – have access to employment and jobs in their local communities.
- ✓ The Oldham Lifelong Learning Service (OLLS) service continuing to enrol around 4,200 learners. It has an overall qualification achievement rate of 95.5%, with 98% of learners saying they are likely to recommend it. OLLS was graded as Outstanding in its last Ofsted report.
- ✓ The Get Oldham Working initiative has once again had a successful year. It has continued to help create work-related opportunities, more than 11,810 since its inception in May 2013. This includes over 8,315 jobs, 1,577 apprenticeships, 363 traineeships and more than 1,555 work experience placements, of which over 9,423 opportunities have been filled by Oldham citizens.

Housing

The growth trends in Oldham's population will increase demand for all types of housing including supported accommodation, town centre living and larger affordable family housing. On 10 July 2019 the Council approved an updated Housing Strategy. The strategy aims to provide a diverse Oldham Housing Offer that is attractive and meets the needs of different sections of the population at different stages of their lives. The strategy extends beyond simply building more homes by focussing on the dynamics between people, homes and the wider economy.

The strategy provides a framework to support other housing themed delivery plans relating to issues such as homelessness, residential development, private sector housing and affordable warmth. It also links in to other key Council initiatives such as regeneration through 'Creating a Better Place' and employment through 'Get Oldham Working'.

The districts of Greater Manchester are working together to produce a joint plan, The Greater Manchester Spatial Framework (GMSF), to manage the supply of land for jobs and new homes across Greater Manchester. The plan will set out how Greater Manchester should develop up until 2037 and identifies the amount of new development that will come forward across the ten Greater Manchester districts. Consultation on the latest draft plan closed in March 2019 and a summary of responses was published in October 2019. A revised timetable for developing and adopting the plan was approved by the Greater Manchester Combined Authority (GMCA) on 27 September 2019. The timetable indicates further consultation is planned to take place in summer 2020 with a view to adoption of the plan by December 2021. Clearly, the plan will have a significant influence on Oldham's own local plan, local revenue streams (Council Tax and Business Rates), capital investment and demand for services from local residents.

Creating a Better Place

On 16 December 2019 and 27 January 2020, Cabinet approved proposals to reprofile existing property service priorities and place corporate land and property at the centre of an ambitious plan for building new homes, creating job opportunities, and re-engaging communities and partners through property / estate co-location and collaboration. Creating a Better Place is expected to significantly boost regeneration across the town centre, making it a destination of choice with lots of family-friendly and accessible places to go, creating a vibrant night-time economy and improving the variety of retail space. The Council also announced its commitment to preserving Tommyfield Market and providing a sustainable future for it as part of the vision. As well as these objectives, the strategy aims to significantly reduce the net cost of managing and maintaining corporate land and property assets; the savings from which are expected to make a major contribution towards closing the Council's budget reduction requirement over the medium term.

The Council's Capital Strategy for 2020/21 to 2024/25 incorporates this investment of £306m split between capital projects of £102m and investment projects of £204m. The key schemes included within the Creating a Better Place strategy are:

- New Homes – aligned to the Housing Strategy as set out above, investment in building new homes is a priority at key town centre sites and sites around the Borough.
- Town Centre Regeneration – investment in the town centre spanning over several years to complement the existing programme of works such as the Oldham Museum and Archives (OMA) project. It also includes the strategic acquisition of properties, investment in building new homes and relocation/integration of public sector services.
- Borough-Wide Regeneration - initially via initiatives through housing and employment sites at Broadway Green, Hollinwood and Salmon Fields, however, the Council will

take advantage of suitable investment opportunities throughout Oldham in order to advance its regeneration objectives.

Health and Social Care Integration

In April 2016 Greater Manchester took control and responsibility for the £6bn Health and Social Care Budget and is working to deliver its own sustainable Health and Social Care system. In order to take this forward, Oldham Council and Oldham Clinical Commissioning Group (CCG) jointly developed a Locality Plan for Health and Social Care Transformation covering the period 2016/17 to 2020/21. In successfully delivering this Locality Plan both organisations have worked together to redesign the way that Health and Social Care services are delivered in the Borough to improve services and outcomes for residents and patients, all within a system that is built upon a sustainable financial model.

Since its publication, the strategic context has moved on, with considerable changes to the health and social care landscape. Health and social care teams are now more closely integrated. The creation in 2018/19 of five cluster teams across the borough where staff are co-located has been developed further over the last year. The Locality Plan developed jointly between Oldham Council and the Oldham CCG was refreshed during Autumn 2019 and now covers the period 2019 to 2024. The plan sets out:

- A new model for health and care, which is strength based;
- Place-based integration;
- A population health management approach, using data to pro-actively manage people's health;
- A focus on outcomes, rather than outputs;
- The development of an Integrated Commissioning Function, which will bring together and align various commissioning activities; and
- The development of an Integrated Care Partnership, which will integrate provision.

The Oldham Locality Plan forms part of the wider Health and Social Care Delivery Plan across Greater Manchester.

An earlier section described the management and reporting arrangements of Oldham Council and Oldham CCG comprised of the Joint Leadership Team (JLT) and Commissioning Partnership Board (CPB). The CPB has delegated authority from Cabinet to make decisions in respect of the Section 75 (S.75) pooled funds. This S.75 agreement (made under the provisions of Section 75 of the National Health Service Act 2006) allows a more flexible approach to service commissioning by the pooling of resources to enable the delegation of certain NHS and Local Authority functions to the other partner, thereby allowing joint decision making that will benefit the Oldham health economy as a whole.

During 2019/20 Oldham Council and Oldham CCG continued working together to pool funds under the S.75 agreement expanding the pool value to £163.970m. This was made up of £83.487m of Council resources and £80.483m of CCG resources and included £7.716m of the £21.322m Transformation Funds received from the GM Health and Social Care Partnership.

The aim is that in the future the pool will incorporate most of the Community Health and Adult Social Care, Children's Social Care, Public Health and CCG Primary and Secondary Care commissioning budgets. There are clearly significant implications for the financial planning and financial management arrangements of the Council as the budgets of the Council and the CCG are more closely aligned. However, the new operating arrangements and the alignment of budgets is enabling not only more effective service delivery, but a more effective and efficient use of both financial and staffing resources of the Council, CCG and other health partners.

Education and Early Years

In January 2019 Ofsted carried out an Inspection of Local Authority Children's Services (ILACS). This subsequently returned a judgement that Oldham Requires Improvement to be Good with key recommendations across four areas: Standards of Practice, Practice Improvement, Learning and Development, Quality Assurance Performance. During 2019/20 the emphasis of the Children's Services team has been on developing and implementing improvement and transformation plans to improve the quality of practice and provide the leadership and resources to ensure the key recommendations have been responded to. Great strides have been made and the good progress will continue in 2020/21.

Ofsted and the Care Quality Commission also carried out a Special Educational Needs and Disabilities (SEND) re-visit in September 2019 as a follow up to the full inspection that took place in October 2017. This provided an opportunity to illustrate the progress made since the initial inspection and there was acknowledgement of Oldham's improvement journey and the positive changes made since 2017 in terms of provision for children and young people with SEND. The significant improvements in governance, leadership and processes/practice around SEND, and the joint working with parents/carers and children/young people to develop and embed changes were commended. Tre-visit findings provided assurance that the Council had made sufficient progress in addressing three of the five significant weaknesses identified at the initial inspection. The Department for Education and NHS England will determine the next steps, however Ofsted and the Care Quality Commission (CQC) will not carry out any further revisit unless directed to do so by the Secretary of State.

In order to take forward the improvement process, a new SEND strategy was approved by Cabinet in November 2019 that set out how the Council and its partners would create an environment for all children and young people with SEND to be safe, healthy, happy and supported. It also highlighted how the partners would aim to generate opportunities for children and young people with SEND to achieve their potential and have an active voice in the community.

Corporate Peer Challenge

Recognising that it was 2013 since the Council had been the subject of a Corporate Peer Challenge led by the Local Government Association (LGA), the Council invited the LGA to Oldham during 2019/20. The review took place from 21 to 24 January 2020. This sector led approach to improvement focussed on five core components comprising vision and priorities, leadership of place, organisational leadership and governance, financial planning and resilience and capacity to deliver.

The review findings, formally received in March 2020, were generally positive, recognising the many strengths of the Council, the response to the challenges being faced and the way that the Council was working to take forward the Borough. The Council welcomed the review and has embraced the recommendations made as a means to strengthen many of the activities already in train. An action plan has been prepared and progress will be monitored to ensure that the key recommendations are addressed.

The 2019/20 Revenue Budget Process

The 2019/20 revenue budget was approved on 27 February 2019, however the process behind setting the balanced budget effectively started at the 2018/19 Budget Council which considered the Medium Term Financial Strategy (MTFS) for 2018/19 to 2022/23. This set out provisional spending plans taking account of anticipated Government funding, income from Council Tax and Business Rates payers as well as demographic, legislative and other pressures. This highlighted

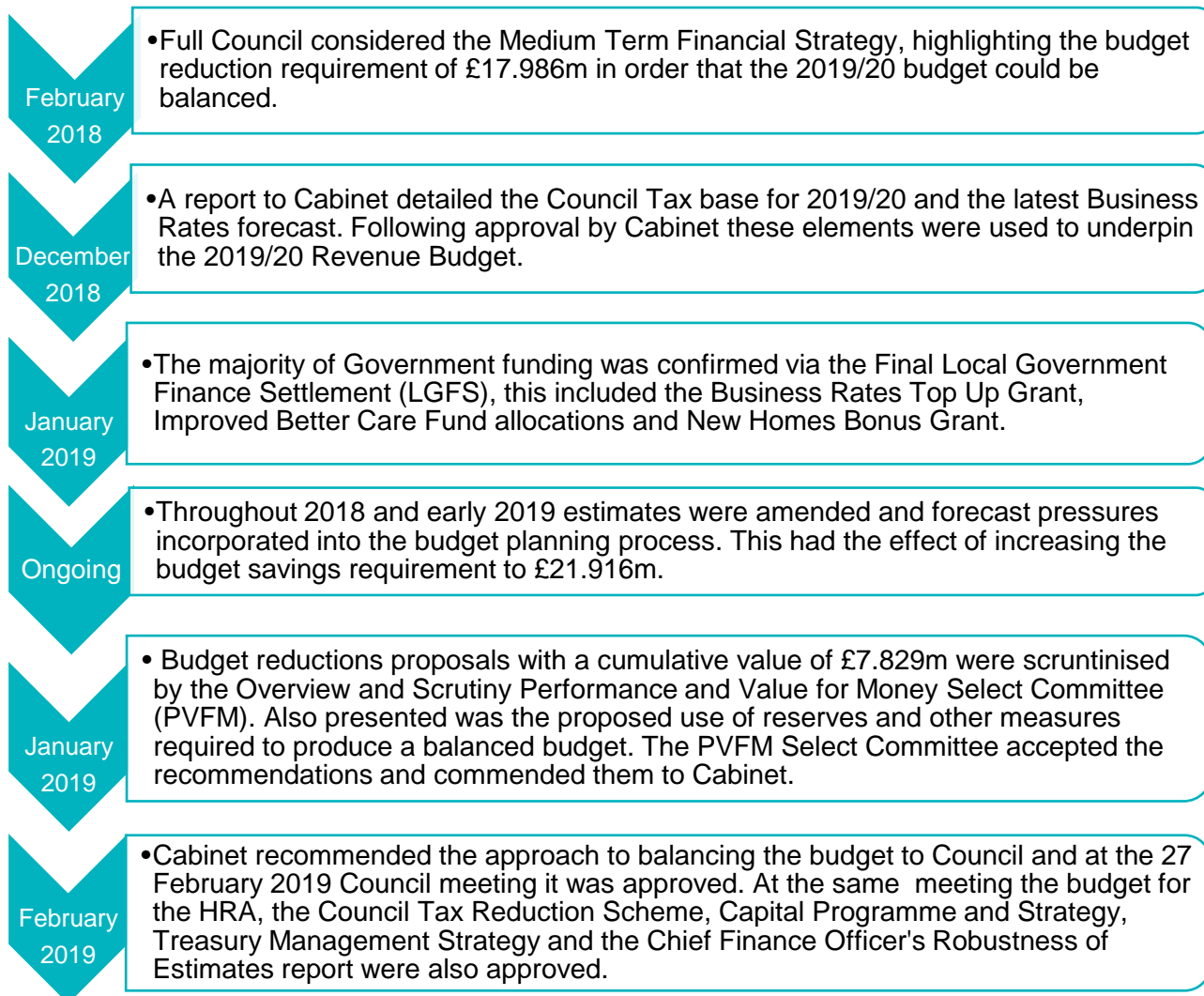
that the initial budget reduction requirement to deliver a balanced budget for 2019/20 was £17.986m.

As would be expected, this target was subject to constant review with the budget reduction requirement eventually increasing to £21.916m. Work took place throughout 2018/19 to address the budget reduction requirement. Officers and Members considered a range of budget proposals which were presented to a budget review forum chaired by the Leader of the Council and comprised of the other members of the Cabinet and EMT. This allowed Members to undertake a detailed review and examination of proposals and to consider acceptability in the context of the ethos of the Council. Once accepted, proposals were presented for consultation with the public, staff and Trades Unions.

The 2019/20 budget was balanced by budget reductions of £7.829m but also the use of one off measures; £3.000m from the flexible use of capital receipts to fund transformational projects, £2.269m collection fund surplus, and £8.818m of reserves.

The net revenue budget of £224.112m was approved at the Budget Council meeting of 27 February 2019, with the budget report also including a MTFS setting out anticipated budget reduction requirements for 2020/21 to 2023/24. Also approved at the same meeting were the budget for the Housing Revenue Account (HRA), Council Tax Reduction Scheme, Capital Programme and Strategy, Treasury Management Strategy for 2019/20 and the Statement of the Chief Finance Officer on the Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments

The diagram below sets out the various stages in the approval of the revenue budget.



Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. Starting in 2016/17, the Government has allowed Councils to increase Council Tax to raise an Adult Social Care Precept (ASCP) as well as charge Council Tax for general purposes.

The revenue raised from the ASCP must be ring-fenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care.

From 2017/18 the Government agreed that Councils could raise a maximum ASCP of 6% over the three years to 2019/20. Oldham Council agreed a policy of applying a precept of 2% in 2017/18 with a further 2% in both 2018/19 and 2019/20.

The LGFS confirmed the referendum limit for general Council Tax at a maximum increase of 3% for 2019/20 in line with inflation rates as measured by the Consumer Price Index. This was 1% above previous levels and therefore allowed the Council the option of introducing a general Council Tax increase of up to 2.99% without triggering a referendum. However, Members agreed to limit the impact on Council Tax payers to 1.99%. When combined with the ASCP, this resulted in a total increase of 3.99%.

The comparison of Council Tax Band D levels from 2018/19 to 2019/20 for Oldham Council is shown in the following table. This also shows the major precepts payable at Band D level for both

years, which for 2019/20 were the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services).

Precepts payable in relation to the two Parish Councils, payable only by residents who live in those Parish areas, are also shown.

Council Tax Element	2018/19 £	2019/20 £	Increase £	Increase %
Council Tax for Council Services <i>(Includes Adult Social Care Precept)</i>	1,562.04	1,624.36	62.32	3.99%
Mayoral Police & Crime Commissioner Precept	174.3	198.3	24	13.77%
Mayoral General Precept (incl. Fire Services)	67.95	76.95	9	13.25%
Total Band D Council Tax	1,804.29	1,899.61	95.32	5.28%
Saddleworth Parish Council Precept	20.76	21.76	1	4.82%
Shaw & Crompton Parish Council Precept	16.21	16.53	0.32	1.97%

Greater Manchester (GM) 100% Business Rates Retention Pilot Scheme

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. The pilot scheme has enabled additional Business Rates revenues to be retained within the city region and Oldham's share of these benefits have been used to support the budget over several financial years. The benefits supported the 2019/20 budget by £1.718m (included within the £8.818m use of reserves).

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

Projected Level of Balances

A significant issue, both in relation to the 2019/20 budget and the MTFS to 2023/24 was the assumption about the level of balances that the Council would require to address any unexpected spending pressures. Balances needed to reflect spending experience and risks to which the Council might be exposed. At the 27 February 2019 Council meeting the recommended balances (prepared using a risk-based analysis) were approved as £14.250m for 2019/20, £14.840m for 2020/21 falling to £14.136m for each of the years 2021/22 to 2023/24. The 2018/19 accounts were closed with balances of £14.840m providing financial assurance for 2019/20.

Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor budgets and mitigate any forecast over spending. This has been very successful in monitoring budget savings and acting as an early warning that any approved budget savings are at risk of not being delivered. The process for the management and monitoring of budgets and

savings continues to be refined to further ensure the sustainability of the Council's financial position over the longer term.

Revenue and capital budget monitoring information is reported to Cabinet throughout the year with any specific areas of concern being presented for review to the PVFM Select Committee. This process facilitates a good level of challenge, including reviewing any potential impacts on service performance. During 2019/20 PVFM considered, amongst other things, reports on Local Government Financial Resilience, the investment in and performance of Children's Services, Oldham Cares and the Section 75 budget and for the first time it also considered the periodic Revenue and Capital Financial Monitoring reports.

As advised earlier in this document, the governance structure of the Council was revised early in 2019/20. This therefore resulted in a change in the presentation of financial information so that it reflected the updated management arrangements.

The major change was the deletion of the Corporate and Commercial Services Portfolio and the creation of the Children's Services Portfolio. This latter change brought together Children's Social Care and Education Skills and Early Years and a new service area, Preventative Services encompassing Multi Agency Safeguarding Hub (MASH), Troubled Families, Targeted Youth and Early Help Services. All of these services had previously been included within the People and Place Portfolio.

The Finance and Procurement Services transferred from Corporate and Commercial Services into a second newly created portfolio; Commissioning.

The Communities and Reform Portfolio was supplemented to include People Services (from Corporate and Commercial Services) plus Community Services, District Partnerships and Stronger Communities all of which had also previously reported into People and Place.

Legal Services was realigned from Corporate and Commercial Services to directly report into the Chief Executive, with the remaining Corporate and Commercial Services functions transferring to People and Place. Health and Adult Social Care Community Services was renamed Community Health and Adult Social Care.

Very early in the financial year it became apparent that 2019/20 was going to be a challenging year financially. The month 3 monitoring report presented to Cabinet on 16 September 2019 advised that there would be a £3.8m adverse outturn without corrective action. This emphasised the requirement for the management action that had been initiated to be rigorously pursued and further developed across all areas of the Council to ensure the position was managed down to a balanced position by the end of the year.

The areas of concern in 2019/20 were a mixture of long-standing and 'new' pressures. Continued overspends were predicted in Economic Development (within People and Place) mainly due to pressures within the Catering and Cleaning, Estates and Planning and Infrastructure services and also the Education and Early Years' service (within Children's Services) predominantly linked to the provision of Home to School Transport and also expenditure related to Special Educational Needs and Disabilities (SEND). In addition, after two relatively stable years Community Health and Adult Social Care was predicting an overspend as a result of sustained pressure and demand for all aspects of community care. Overspending in these areas was offset by the use of reserves and underspends elsewhere within the Council to the extent that a moderate surplus was forecast by the end of the year.

Children's Social Care which had been the single most significant area of overspending in 2018/19 had a more stable year in terms of financial performance. A key issue contributing to the reduction in expenditure was a temporary slow-down in recruitment to the 'Children's Services Operating Model and Structural Resources Plan' particularly in relation to Senior Officers;

Assistant Directors, Heads of Service and Team Managers pending the appointment of the Managing Director of Children's Services and the Director of Children's Social Care who were both recruited part way through the year.

The final monitoring report was prepared to month 9 (December 2019) and presented to Cabinet on 23 March 2020. Within the amendments, additional funding totalling £4.955m was presented, as the Council complied with proper accounting practice and responded to announcements made by Central Government regarding changes to funding allocations. Primarily, these changes were made up of £3.420m of Capital Grants and £1.000m Opportunity Area Grant, supplemented by a number of new smaller grants and changes to original budgeted estimates. Following these changes, the net revenue budget at month 9 totalled £229.067m. This had increased by a further £27.100m to £256.167m when the accounts were closed, mainly as a result of accounting adjustments relating to capital financing and Private Finance Initiative (PFI) schemes.

At the time of preparing the March 2020 Cabinet report, the full impact of the COVID-19 pandemic was not anticipated and its impact on both the operating environment and the finances of the Council could not be foreseen. Given the timing of the national lockdown and the progression of the pandemic, it only had a limited direct impact on the financial position for 2019/20. Clearly, the impact for 2020/21 and future years is much more significant.

Revenue Outturn 2019/20

The Council's 2019/20 revenue outturn position, as shown in the following table, is presented in the revised Portfolio structure as described above. The Council reported a surplus of £0.270m for the financial year when comparing budgeted (£256.167m) and actual expenditure (£255.897m). This surplus will be credited to the General Fund balance contributing to the Council's financial resilience in future years.

As part of Central Government's response to the COVID-19 pandemic, the Council received additional grants and payments in advance, over and above budgeted receipts, to aid with cashflow and to allow the Council to help the residents and businesses of Oldham. Although these amounts were received right at the end of 2019/20, they primarily related to the 2020/21 financial year and, where appropriate, were transferred to an earmarked reserve as can be seen in the table below. The most significant grant was the first tranche of un-ringfenced Government COVID-19 support funding totalling £7.641m which was received on 27 March 2020.

	Budget £000	Actual £000	Variance £000
Net revenue expenditure			
People and Place	89,810	91,641	1,831
Community Health & Adult Social Care	66,451	68,663	2,212
Children's Services	89,721	91,116	1,395
Communities and Reform	36,996	36,412	(584)
Commissioning	4,199	4,058	(141)
Chief Executive	3,705	3,368	(337)
Capital, Treasury and Technical Accounting	(41,971)	(46,617)	(4,646)
Corporate and Democratic Core	6,960	6,960	-
Parish Precepts	296	296	-
Net Service Expenditure	256,167	255,897	(270)
Financed by:			
Council Tax Payers	(85,607)	(85,607)	-
Adult Social Care Precept - Council Tax Payers	(6,691)	(6,691)	-
Retained Business Rates	(52,714)	(55,597)	(4,183)
Business Rates Top Up	(40,653)	(40,653)	-
Grants in Lieu of Business Rates	(10,503)	(12,816)	(1,013)
Private Finance Initiative Grant	(9,026)	(9,026)	-
Capital Grants	(20,120)	(20,120)	-
Other Non-Ringfenced Government Grants	(1,424)	(9,065)	(7,641)
Housing and Council Tax Benefit Administration Grant	(1,121)	(1,121)	-
New Homes Bonus Grant	(961)	(961)	-
Independent Living Fund Grant	(2,580)	(2,580)	-
Improved Better Care Fund - Settlement 2015	(8,150)	(8,150)	-
Improved Better Care Fund - Spring Budget 2017	(1,586)	(1,586)	-
Opportunity Area Grant	(2,588)	(2,588)	-
Winter Pressures	(1,122)	(1,122)	-
School Improvement Monitoring & Brokerage Grant	(254)	(254)	-
Brexit Support Grant	(210)	(210)	-
Social Care Support Grant	(1,917)	(1,917)	-
GMCA Earnback grant	(122)	(122)	-
Use of Earmarked Reserves	(8,818)	(8,818)	-
Transfer to Earmarked Reserve	-	12,837	12,837
Total Financing	(256,167)	(256,167)	-
Current Net Underspend	-	(270)	(270)

A description of the Portfolios and the performance of each is summarised below.

People and Place

The People and Place Portfolio encompasses the Economic Development, Enterprise and Skills, Environmental Services and Commercial Services Divisions.

The overall objective of the People and Place Portfolio is to grow the economy of Oldham and support the Council's commitment to neighbourhood working. This is done by:

- delivering services that maintain and improve the public realm;
- creating the right environment for growth;
- focusing on key place making regeneration projects which will act as a catalyst for wider economic activity and investment which will create jobs.

The year-end position for the People and Place Portfolio was a deficit of £1.831m, against a revised budget of £89.810m. The adverse variance is mostly within the Economic Development service and primarily relates to two areas:

- the Catering and Cleaning Service as a result of pressures arising from the introduction of the Oldham Living Wage and current charging levels.
- the Corporate Landlord/Investment Estate relating to the increased cost of utilities, additional cleaning charges and an under-achievement of income targets relating to the investment estate.

The final outturn of £1.831m was an improvement of £0.326m compared to the projected deficit of £2.157m at month 9. As anticipated reserves in the sum of £0.750m were applied to fully fund the non-achievement of a budget reduction within Commercial Services, offset by increased overspends totalling £0.426m across a range of services.

Community Health and Adult Social Care

The Community Health and Adult Social Care Portfolio operates around six broad strands:

- Community health and social care;
- Clusters;
- Older people and safeguarding;
- Learning disability and mental health;
- Community business services; and
- Commissioning.

The Adult Social Care Service (ASC) carries out statutory functions on behalf of the Council within a changing environment. The Portfolio therefore provides social care support to adults and carers across Oldham with the key aim of integrating and aligning work with health partners to achieve greater efficiency in service delivery and better outcomes for the resident or patient, in relation to both the commissioning and the provision of services.

The outturn for the Community Health and Adult Social Care Portfolio was a deficit of £2.212m. The adverse outturn position relates to significant overspends across all types of community care, linked to both increased demand for services and the complexity of care required by clients. The overspends were offset by unforeseen or better than anticipated grant settlements including the final Better Care allocation and improved income collection through increased client contributions and recoveries.

The outturn (£2.212m) represents an adverse movement of £1.165m compared to the forecast pressure of £1.047m reported at month 9. This increase was predominantly as a result of a

significant amount of back dated charges for Community Care and Direct Payments together with reduced income recovery for Continuing Health Care from the NHS.

Children's Services

The Children's Services Portfolio comprises the Education, Skills and Early Years Directorate, Children's Social Care and Preventative Services.

The Education, Skills and Early Years Directorate ensures that the Council meets its statutory duties in respect of education for 0 to 19 year olds and for High Needs pupils aged 0 to 25 plus the Lifelong Learning Service and Get Oldham Working. These services enable Oldham residents to gain the necessary education and skills to be able to access employment opportunities both within the Borough but also across the wider Greater Manchester conurbation and beyond.

Children's Social Care provides the Council's statutory social work function for the care and protection of children in need and children and young people at risk of significant harm. Preventative Services has strategic responsibility for services including the Early Help service, the MASH and Targeted Youth provision.

The Portfolio as a whole recorded an overspend of £1.395m against a revised budget of £89.721m. This was higher than the forecast at month 9. The majority of the adverse variance (£1.259m) was within Education, Skills and Early Years; the main drivers being the cost of home to school transport, the cost of SEND provision (including out of borough placements) and staffing and income shortfalls in relation to education psychology services. Children's Social Care reported an underspend of £0.079m. Ongoing pressures in relation to placements were offset by staffing underspends due to delays in recruiting to a new operating model. Preventative services recorded an overspend of £0.215m.

Communities and Reform

The Communities and Reform Portfolio covers a range of services including Public Health, Heritage, Libraries and Arts, Community Safety and Community Development, Districts, Sport, Youth and Leisure as well as corporate functions such as Human Resources and Organisational Development, Policy, Strategy, Communications, Performance and Transformation including Public Service Reform. The Portfolio also leads on key programmes such as Thriving Communities and Northern Roots.

The Portfolio achieved a favourable variance of £0.584m against the revised budget of £36.996m primarily as a result of vacant posts within the People Services, Youth, Leisure and Communities and Strategy and Performance services. This was an increase of £0.400m on the month 9 forecast surplus of £0.184m.

Commissioning

The Commissioning Portfolio consists of the Finance Service and the Procurement Service. The revenue outturn was an underspend of £0.141m, an improvement of £0.261m compared to the forecast adverse variance of £0.120m estimated at month 9.

The favourable outturn variance is due to a combination of staff vacancies in Finance, Audit and Procurement partially offset by the use of external contractors in Procurement together with additional income from Service Level Agreements for Information Governance services to schools and associated companies, along with increased insurance claims repudiation. The latter two items account for the movement from the month 9 adverse forecast to a favourable outturn.

Chief Executive

This Portfolio includes the budgets for the Council's Chief Executive, Executive and Senior Management Team and Legal Services. It also encompasses payments to external providers of corporate services; the Coroners service and services provided by the GMCA on behalf of the 10 Districts of Greater Manchester.

The favourable outturn position of £0.337m is £0.088m better than the £0.249m forecast at month 9. The underspend is the result of lower than anticipated contributions for functions undertaken on a regional basis by the GMCA and vacant posts within Legal Services and the Executive Office.

Capital, Treasury and Technical Accounting

The Portfolio includes the revenue budgets associated with the Council's Treasury Management activities including interest payable on loans and interest receivable on investments. It also includes revenue budgets concerned with the executive management of the Council and Elected Member related activities including policy making, representing local interests and democratic representation.

The Portfolio also includes revenue budgets relating to the technical accounting entries required by the Chartered Institute of Public Finance and Accountancy (CIPFA) and International Financial Reporting Standards such as the removal of depreciation and impairment charges from the Council's service budgets to ensure there is no impact on Council Tax and the replacement of this with a Minimum Revenue Provision, ensuring resources are set aside to repay the Council's debt.

The outturn for Capital, Treasury and Technical Accounting was a favourable £4.646m. The surplus, in the main, relates to a reduction in costs associated with financing the capital programme due to expenditure being reprofiled during the year. There was also additional dividend income from external investments and the receipt of un-ringfenced grants which had not been anticipated. The increase of £0.624m from the £4.022m forecast at month 9 was in part due to an additional saving associated with the upfront pension payment to the Greater Manchester Pension Fund (GMPF) for the employer contributions payable to the Local Government Pension Scheme (LGPS).

Parish Precepts

This consists of the payments made to the two Parish Councils, Saddleworth Parish Council and Shaw and Crompton Parish Council. These payments relate to Council Tax income collected by the Council on behalf of the Parish Councils plus additional grant payments made to each Parish Council to help mitigate revenue losses arising from the introduction of the Council Tax Reduction Scheme.

Schools

Schools may carry forward any surplus or deficit in net expenditure from one financial year to the next. At the end of 2019/20 there were 66 schools (3 secondary, 62 primary, and 1 special) for which the year-end balances were included within the Council's Balance Sheet. Nine of the Council's schools finished the year with a deficit.

The total school balances for 2019/20 were £5.487m which was a decrease of £1.438m compared to the 2018/19 total of £6.925m. Due to a deficit of £4.916m within the Dedicated Schools Grant (DSG) budget, it was necessary to net down the level of school balances to £0.571m (as shown in the Earmarked Reserves Note 14).

Given the size of the deficit on the DSG, during 2019/20 the Council was required to submit a Recovery Plan to the Department of Education to outline how the DSG would be brought back to balance over a period of three years. The action required was agreed with the Schools Forum and a programme of work developed with changes to operational practice. This will be taken forward during 2020/21 in the context of the restrictions on schools resulting from the impact of COVID-19.

The Oldham scheme for financing schools allows 'excess balances' that represent more than a certain percentage of a school's budget for the following year to be carried forward. The percentages for Secondary schools is 5% and for Primary and Special Schools is 8%. Schools may only request excess balances to be carried forward when there is an appropriate plan in place to utilise the funds. At the end of 2019/20 there were 12 schools (primary and secondary) with excess balances.

During 2019/20, two schools converted to academy status and one new special school opened bringing the total number of Academies in Oldham to 39.

Housing Revenue Account (HRA)

The HRA is a ringfenced account specifically dealing with the provision of local authority housing. At the end of 2019/20, the Council's housing stock was comprised of 2,079 properties, most of which are managed and maintained under two Private Finance Initiative (PFI) schemes.

By 31 March 2020, the HRA had generated an in-year surplus of £3.249m, after adjustment, this resulted in resources of £0.491m being available to increase the level of balances. This compared favourably with the in-year deficit of £1.889m which was approved at Budget Council. Balances have therefore increased to £21.796m which shows a healthy level of resources to support future spending initiatives. Details of the HRA are provided in Section 4.1.

Collection Fund

The Collection Fund is a ringfenced account for the management of Council Tax and Business Rates income. The year-end collection fund position shown below includes a total of £2.550m which has been distributed in year to preceptors (£2.269m allocated to Oldham Council to support the 2019/20 budget). The year-end surplus balance of £3.295m is available for distribution to the Council and the other preceptors in the following proportions Oldham Council (£3.239m), GMCA for the Mayoral Police and Crime Commissioner (£0.019m) and the GMCA for Mayoral General Services including Fire and Rescue (£0.037m). The preceptors are able to use surpluses to support future year's budget requirements (the Council used £1.400m for 2020/21). Further details in relation to the Collection Fund can be found in Section 4.2.

	Council Tax £000	Business Rates £000	Total £000
Balance brought forward	(2,883)	(1,264)	(4,147)
Prior year surplus released in year	2,550	-	2,550
(Surplus)/Deficit for the year	148	(1,846)	(1,698)
Balance carried forward	(185)	(3,110)	(3,295)

Reserves and Balances – Financial Resilience

The level of General Fund reserves included in the Balance Sheet at £87.865m contribute to the financial health of the organisation. These reserves are held to manage future risks and expenditure priorities. These are split into Revenue Account Earmarked Reserves of £79.360m

(£80.623m at the end of 2018/19) and Other Earmarked Reserves of £8.505m (£12.935m at the end of 2018/19). The latter are comprised of Revenue Grant Reserves of £7.934m and Schools Reserves at a net sum of £0.571m. School reserves of £5.487m have been netted down due to the deficit on the DSG (£4.916m) as outlined above.

The most significant movement on reserves was as a result of this increase in the deficit on the DSG. Information on the reserves is presented at Note 14 in the Statement of Accounts.

The Statement of Accounts shows balances at the end of 2019/20 of £15.110m, this is broadly in line with the originally calculated risk assessment approved at the Council meeting on 27 February 2019. As the movement is slightly higher than the original calculation it has enhanced the Council's financial resilience going into 2020/21 and for the 2021/22 budget setting process.

The level of reserves and balances are a key element in the CIPFA Financial Resilience Index that was published for the first time in December 2019. There were no Oldham indicators where risk was considered to be extremely high or a cause for immediate concern. However, reserves sustainability and change in reserves when compared to other Authorities were around the mid-point on the risk scale. The Index did provide some useful information and confirmed the position that, leading into 2019/20 the Council was financially resilient. The Index will be issued again during 2020/21 to reflect the position at the end of 2019/20.

Financial Management Code

Linked to Financial Resilience and issued in 2019/20 was the CIPFA Financial Management Code. The objectives of this code are "to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability". The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code.

Details of the code requirements were presented to PVFM at its meeting of 22 August 2019 and throughout 2019/20, the finance service has worked through the requirements detailed within the code to ensure compliance. However, it was subsequently announced that the implementation date of 1 April 2020 had been delayed until 1 April 2021, with 2020/21 being used as a "test" year enabling Local Authorities further time to address any gaps or issues.

The finance service in conjunction with the wider organisation, will continue to review practices throughout 2020/21 working towards full implementation in 2021/22.

Treasury Management

The importance of Treasury Management cannot be understated. As a key component of the of the Council's operations, its main functions are:



Cash flow Planning – Ensuring cash is available when needed and investing surplus balances in a low risk way.



Funding Capital Plans – Capital plans often require longer term cash flow planning. This may involve arranging loans or using longer term cash flow surpluses.

Cash flows can come from a variety of sources and are split between revenue, those that can fund the everyday running of the Council and Capital which relates to non-current assets and liabilities such as buildings and vehicles.

The Council's Treasury Management Strategy contains a detailed look at key treasury issues for the year ahead including, the Investment and Borrowing strategies and Treasury indicators. For 2019/20 the Strategy was approved by Council on 27 February 2019. Treasury management performance is then reported to Cabinet and Council with further detailed reviews undertaken by the Audit Committee.



Borrowing – At the 31 March 2020 the Council had total borrowings (including interest) of £170.080m.



Investing – At the end of the financial year the Council had £103.120m of cash investments.

The Council's investment strategy set out a Council target for the benchmark average rate of return on its investments. However, this pursuit of a target rate of return, is balanced with the need to maintain enough cash reserves for the Council to operate on a day to day basis and the requirement that funds are invested with secure institutions. The table below shows the Council's excellent performance against the benchmark analysed by the duration of the investment.

	Benchmark LIBID Return %	Actual Return %
7 Day	0.56%	0.73%
1 Month	0.59%	0.89%
3 Month	0.67%	1.01%
6 Month	0.74%	0.89%
12 months	0.84%	0.97%
Average Return		0.90%
Target Rate		0.68%

The Council's investment in the Churches, Charities and Local Authorities (CCLA) Property Fund yielded dividends in year of £0.632m with an average return of 4.32%. This much higher return reflects the long term nature of the investment. The outlook for investment returns for 2020/21 is that they are likely to remain very low due to the current worldwide COVID-19 situation. This could have an impact on the returns from the CCLA investment.

The Treasury Management strategy contains the Council's Minimum Revenue Provision (MRP) Policy for 2019/20. This policy requires the Council to set aside a prudent amount in order to finance the repayment of debt where the Council has borrowed to finance capital expenditure. The MRP policy is set in line with Ministry of Housing, Communities and Local Government (MHCLG) guidance.

Capital Strategy and Capital Programme

The Capital Strategy and Capital Programme provide the framework within which the Council's capital investment plans are to be delivered. The Capital Strategy is presented so that it provides:



A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.



An overview of how the associated risk is managed.



The implications for future financial sustainability.

The Capital Strategy and Capital Programme 2019/20 to 2023/24 was approved at the Council meeting of 27 February 2019 and provided the framework within which the Council's capital investments plans were to be delivered. The following table shows the original proposed capital spending plan for 2019/20 to 2023/24 (restated in the revised Portfolio structure).

Capital Spending	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Corporate Services	8,700	4,910	1,500	1,500	1,500
Children's Service	23,825	12,061	11,868	5,000	0
Community Health & Adult Social Care	2,683	1,400	400	400	400
Housing Revenue Account	4,235	1,633	922	800	0
People and Place	44,789	57,602	65,395	5,511	3,864
Communities and Reform	100	100	700	200	200
Total Expenditure	84,332	77,706	80,785	13,411	5,964

The planned spend for the Capital Programme in 2019/20 was £84.332m matched by funding available. As 2019/20 progressed, the initial spending and financing plans were revised to incorporate expenditure re-profiled from the previous year, new assumptions, approvals and scheme updates. During the year, the proposed 2019/20 expenditure was significantly reduced to the final outturn position of £54.383m.

Capital Outturn

The capital expenditure incurred during the year compared to the final month 9 forecast is shown in the table below:

Portfolio	2019/20 Forecast £000	2019/20 Actuals £000	Variance £000
Corporate Services	4,871	4,870	(1)
Children's Services	16,154	17,548	1,394
Community Health & Adult Social Care	2,058	2,407	349
Housing Revenue Account	2,035	2,134	99
People and Place	27,269	27,317	48
Communities and Reform	110	107	(3)
Total Expenditure	52,497	54,383	1,886

As highlighted above, the Council spent £54.383m on its Capital Programme in 2019/20, resulting in a variance of £1.886m compared to month 9. The variance required funding that was originally allocated to 2020/21 to be brought forward into 2019/20.

Capital expenditure for 2019/20 was financed by Government grants and contributions and capital receipts. It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing and the Council would have to undertake significant external borrowing. However, as a result of the re-phasing of schemes in year, the Council externally borrowed only £20.000m in August 2019. The borrowing was undertaken when market rates reached the Council's internal trigger points. This ensured borrowing was undertaken at the

optimum point to minimise future costs. This new borrowing has been incorporated into the on-going financing cost of the Capital Programme.

During 2019/20, a number of major schemes were re-phased into future years requiring the programme to be extended by a further year to 2024/25 and as advised earlier, the major investment in the Creating a Better Place initiative was approved. Its in-year impact was limited but clearly increased the overall size of the programme over a 5 year timeframe.

The areas of significant reprofiling or realignment during 2019/20 are detailed below.

Corporate

The resources allocated to the Funding for Emerging Priorities of £5.000m were re-profiled and re-allocated into future years to align with the revised project timeline together with the funding for a Greater Manchester wide investment.

Children's Service

Throughout the year a number of schools' schemes were re-phased into future years including the Oasis Academy 2FE extension. In total £6.277m (including the Basic Need provision of £4.760m) of planned spending was re-profiled.

HRA

Housing related schemes associated with the HRA totalling £2.190m were re-phased into 2020/21 in alignment with the latest HRA Strategy.

People and Place

The Asset Management (Education) Essential Condition Works provision of £1.300m was rephased into future years to align with other works being undertaken at schools. In addition, the 'Creating a Better Place' Strategy required a number of existing regeneration projects totalling £11.119m to be reviewed and rephased to fit in with the long-term vision of the strategy.

During the year, the IT Capital Strategy, the Strategic Roadmap was reviewed. The outcome was a rephasing of resources of £2.435m, to ensure that the Council's future IT offer takes account of new innovations in IT and creates efficiencies that will complement future ways of working.

Capital Developments in 2019/20

In addition to 'Creating a Better Place' described above, the other capital developments during 2019/20 included:

- The Council agreed a deal with supermarket Lidl and major hotel operator Travelodge to deliver a mixed-use project on the Prince's Gate site.
- Agreement for the demolition of Hartford Mill, removing a semi derelict building at a key Oldham gateway and allowing the owner to redevelop the site and contribute to the regeneration of Werneth.
- Pupils and staff at Greenfield Primary School celebrated the official opening of their new £5.7m building and grounds. The new school, just yards away from the old building on Shaw Street, Greenfield, includes 14 classrooms, science block, sports hall, dance studio and playground area. Almost £33m is being invested in Oldham schools to improve the learning environments for young people and to raise the attainment for everybody in the borough.

- The Council announced the investment of £7m for road improvements and funding for more than 7,700 pot hole related repairs.
- In January 2019, the Council announced the ground-breaking Northern Roots project and a new environmental centre for Alexandra Park. This progressed significantly during 2019/20 with the project focussing on the 160-acre Snipe Clough site and building on work the Council has done over the last six years around co-operative working, community growing, horticulture skills and training, renewable energy and building the local food economy.
- In October 2019, work to transform a former Oldham library building into a new arts and heritage centre (OMA) moved a step closer following the appointment of contractors to deliver the £13m project and restore the grade two-listed former library and art gallery.
- In July 2019, Oldham committed to become a Green New Deal Council. In March 2020, Cabinet approved a new five year Oldham Green New Deal Strategy which set two targets for carbon neutrality – for the Council as an organisation by 2025 and for the borough as a whole by 2030. The Oldham Green New Deal Strategy will focus on meeting these targets through a programme of capital investment in the green economy in Oldham, which will include physical assets such as solar power and low carbon heat infrastructure; innovative approaches to energy generation and consumption for the Council and strategic partners through the creation of a Local Energy Market and building the Green Technology and Services business sector in the borough to ‘green’ the wider economy.

Financial Planning

The 2020/21 budget process began with an assessment of the Council’s future spending plans balanced against the expected funding from Government, Council Tax and Business Rates. This forward look encompassed a five-year financial planning timeframe from 2020/21 to 2024/25.

The Finance Service forecast the future financial position having regard to:



Relevant international, national and regional influences on Oldham Council.



Local factors which influence policy within the Council including the Administration’s priorities of regenerating the borough and creating jobs.



The impact of Government policy, finance legislation and associated announcements.



Key Council policy initiatives.

The budget reduction requirement for future years is presented to Council as part of the budget setting process. For 2020/21 an initial budget reduction requirement of £22.871m was presented at the 2019/20 Budget Council meeting on 27 February 2019.

In-year developments meant that it was necessary to adjust the future years’ base budget estimates, and to revisit expenditure pressure calculations. Grant estimates were revised with the better than expected Local Government Finance Settlement. Overall this process produced a net decrease in the budget reduction requirement of £4.702m to give a revised budget gap of £18.169m.

Throughout 2019/20, via the established budget review forum, the Council looked at how services could be re-shaped to address the budget gap. A total of seven budget reduction proposals with

a value of £3.011m were approved by Council on 26 February 2020. Additional measures including the increased flexible use of Capital Receipts(3.750m) and use of £1.400m Collection Fund Surplus were also presented. Following these movements, a gap of £10.008m remained which was matched through the use of earmarked reserves.

The approach to balancing the budget was subsequently approved at both the Cabinet and Council meetings in February 2020 along with the cumulative budget reduction requirements for the full MTFS period.

Having been subject to almost a decade of severe funding reductions, increased demand pressures and inflationary pressures, the Council successfully managed to balance its budget whilst simultaneously protecting service provision as far as possible. However, in order to achieve this, since 2017/18, there has been an increasing use of one-off measures including the use of reserves.

The following table shows the potential budget reduction target remaining for the period 2021/22 to 2024/25. The target for 2021/22 reflects the one off measures used to balance 2020/21.

Estimated revenue position 2021/22 to 2024/25	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Total Expenditure	241,170	246,948	254,372	260,880
Total Funding	(227,321)	(233,930)	(240,805)	(247,958)
Use of Reserves in 2020/21	10,008	-	-	-
Forecast Budget Reduction Requirement	23,857	13,018	13,568	12,922

Clearly this remains a challenging time for the Council and Local Government for a number of reasons and particularly with the uncertainty around the future funding for the sector.

The Chancellor, as part of the Spending Round announcement in September 2019, declared the end of austerity. This provided some hope that funding for Local Government would at least stabilise if not increase. The Government also stated that a full multi-year spending review would take place in 2020 and there would be other changes:

- The Fair Funding Review of the Local Government finance system;
- The Business Rates system would move nationally to a 75% retention system.
- Business Rates baselines would be reset for potentially redistributing existing gains and losses associated with the current system; and
- Business Rates revaluation would be implemented affecting the amount of Business Rates paid by the occupiers of commercial premises. Revaluation would, in future, take place every three years

All of this has now been put on hold due to the unknown mid to long term impact of the COVID-19 pandemic. This means there is virtually no indication of the level of funding Local Authorities can expect to receive for 2021/22 and beyond

Before COVID-19 the Council already faced a significant financial challenge over the medium term. Recognising that this could not be addressed through a short-term approach to budgetary planning, a major programme of transformation was being developed which aimed to:

- identify, scope and agree the change initiatives required to ensure the Council and its partners can deliver the strategic ambitions they have for the borough and its residents as set out in a refreshed Corporate Plan;
- drive the implementation of those changes to a successful conclusion; and
- make a substantial contribution to savings targets and medium term financial plans.

The programme of transformation is supported by a range of existing medium term strategies designed to make a positive contribution to the Council's financial standing as well as supporting the Oldham Plan and the refreshed Corporate Plan.

Underpinning the programme of transformation is:

- An approach to service delivery where the Council (and its partners) will be making new strategic choices based on the characteristics of Oldham, its people and communities within the borough, thus constantly striving for new opportunities for collaboration and new ways of working between organisations that share a common footprint.
- A review of the provision of discretionary services and also the level at which statutory services are delivered.
- Traditional approaches to reviewing budgets and the identification of service specific budget reductions and efficiencies.

All of the above work and ambition is continuing but the challenge is now heightened due to the significant financial impact of COVID-19 both in relation to increased expenditure as the Council responds to the needs of Oldhamers, but also in lost income from fees and charges for services and investment income.

Not only will there be an impact on 2020/21 but this will continue into future years so 2020/21 spending plans will be reviewed together with a revision to the MTFS. However, given the uncertainty, about so many issues, the scope and size of the financial challenge is evolving. The Council is, however, working through a plan to address the anticipated short, medium and long term funding shortfalls.

Non-Financial Performance

Throughout this report there are many examples of achievements which have been celebrated during the year. This is despite the challenges faced by Oldham Council and the Local Government sector generally. Further examples of the Council's achievements are set out below:

- ✓ In March 2019, Oldham Cares awarded a three-year contract to a local consortium of Voluntary and Community organisations to create a Social Prescribing Innovation Partnership arrangement – one of the first for the public sector in England. This pioneering work was shortlisted for the iNetwork Innovation Awards 2019 and the LGC Best Public Sector Partnership Award;
- ✓ In July 2019, Oldham was one of 50 areas across the country to be invited through to the second phase of the £675 million Future High Streets Fund that aims to revitalise local town centres. The fund could see areas like the borough benefit from up to £25 million in addition to the investment already being made;
- ✓ In October 2019, Oldham's entry into North West in Bloom, won the Best City Award for the tenth year in a row. Oldham also won the Best Town/City Centre and Best Public Feature Awards;
- ✓ In November 2019, the schools catering service tasted success thanks to the high-quality meals being served across the borough. The service was awarded the Food for Life Served Here Excellence at Silver & Gold Award. The awards recognise organisations which serve nutritious healthy food that is locally sourced and better for the environment as it's made with sustainable practice in mind;
- ✓ Oldham Council agreed to fund prescription charges for all care leavers (up to age 25). This decision follows the Children in Care Council's first motion to Council earlier in the

year. It also followed the introduction from April 2019 of an exemption from paying Council Tax for all care leavers up to the age of 25;

- ✓ The number of care homes rated good improved from 45% to 81% in the past two years. Within Greater Manchester, Oldham has the highest proportion of care homes rated good;
- ✓ Oldham's growing profile as a regional logistics base was significantly boosted by the opening of a new £1.000m Reverse Logistics Training Centre;
- ✓ Oldham Council Libraries Service celebrated after it was revealed that more than one million visitors walked through their doors between 2018 and 2019. For visitor numbers within Greater Manchester, Oldham's Library service is second only to Manchester City Council Libraries; and
- ✓ Youth services across Oldham received a £0.100m boost, creating new opportunities and support for young people in the borough. Following consultation with thousands of young residents, Oldham Council and the local Community Safety and Cohesion Partnership agreed to focus funds on projects that build young people's confidence raising their aspirations and expectations, and reducing violence.

Performance Against Corporate Objectives

As the Council's main strategy document, the Corporate Plan plays a key role in shaping the performance management framework for the Council. Performance against priorities within the Corporate Plan is monitored throughout the year by Cabinet.

For each objective, the Council Performance Report provides a range of detailed measures with performance presented for the previous and current month together with the direction of travel and supporting explanatory notes. Also presented is information which highlights the performance against Directorate Business Plan objectives. In order to provide effective scrutiny and challenge should there be any specific areas of under-performance, these can be called in for review by members of the Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee.

At the time of finalising the Statement of Accounts, the 2019/20 full year Council Performance Report had been presented to and approved by Cabinet (meeting of 25 June). This report highlighted that:

- 65.4% of the corporate performance measures were being met or were within an acceptable level of tolerance.
- 64.7% of corporate actions were on track or completed

However, it was reported that performance at Quarter 4 had been affected by the impact of COVID-19 with a number of actions falling behind schedule. This was clearly not a surprise. It has also been agreed that targets for 2019/20 would be rolled over into 2020/21 with a review of the ability of services to achieve the targets.

Further details on Quarter 4 performance results are available in the June 25 Council Performance report to Cabinet on the 'Agenda and Minutes' page of the Council's website.

Corporate Risks

The Council has an embedded process to manage risks and assist in the achievement of its objectives, alongside national and local performance targets. The Council refreshed its Risk Management Strategy and Framework at the 16 December 2019 Cabinet after scrutiny at the Audit Committee of 14 November 2019.

The Corporate Risk Register plays an integral role by supporting production of the Corporate Plan and is subject to regular review by the Audit Committee.

Key corporate risks are detailed in the Annual Governance Statement. They encompass:

- The Internal Control Environment of Adult Social Care which continues to require improvement;
- The long term financial resilience of the Council which has potentially suffered due to the uncertainty arising from issues such as Brexit, financial pressures caused by the pandemic and uncertainty about future levels of Government support including possible changes to the grant funding regime. More locally, resilience is impacted by the reliance on the use of reserves and other one off measure to balance the 2020/21 budget and the affordability of the planned investment in the capital programme;
- The impact, should a major project in the capital programme go off track, which links into affordability due to point above
- Payroll administration which, whilst there have been improvements throughout 2019/20, still requires further improvement. This is likely to be assisted by the implementation of a single payroll system which has been delayed by the pandemic;
- Compliance with the Transparency Agenda continues to expose the Council to the risk of fraud from the information that it publishes. This risk has been enhanced by the recent pandemic where some individuals are opportunistically pursuing fraud;
- Future integration with health not delivering efficiencies plus the added pressure of COVID-19
- The deficit on the Dedicated Schools Grant;
- Future resilience of key partners and ability of the Council to support them, in part caused by the pressures arising from COVID- 19
- The improvement required in some contracting arrangements with regard to formal documentation

The Council currently manages a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to projects have been incorporated into the Annual Governance statement where appropriate.

Summary Position and Key Considerations in relation to COVID-19

When looking ahead into 2019/20 most would have considered the impact of Brexit to be the defining event of the year, and the big unknown in terms of how it would affect the Council. However, this was overtaken in the final months of the year by the COVID-19 pandemic witnessed by a huge upheaval to the way we work and live. The financial impact of COVID-19 on 2019/20 has been limited and therefore it has not significantly changed the outturn.

Overall for 2019/20, it is difficult to assess the performance of the Council in this context. By all usual measures the Council has performed well, both in terms of financial and non-financial indicators. The Council has continued to support the residents and businesses of Oldham and has continued to develop the Borough. The revenue underspend of £0.270m at outturn is above the level projected at month 9, this will be credited to the General Fund to support the Council in future years. The capital outturn has been managed to minimise the level of re-profiling required at the year end and the Council has reserves and balances which provide financial resilience for 2020/21 and future years. However, these reserves and balances are a vital resource as the Council will rely on these to support any 2020/20 expenditure/ lost income arising from the pandemic for which there is currently insufficient Government grant compensation and to support future years budgets.

It is important to highlight how the Council has responded to the challenge of managing services during a pandemic. The Councils immediate response during March 2020 was to implement enhanced management arrangements with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups including key system partners, to facilitate rapid responses to the evolving position, facilitate appropriate decision making (including the use of emergency powers as allowed for in the Councils constitution), clear communication and inter-agency cooperation. This structure will continue for as long as required.

Right from the outset, the Community Services and Adult Social Care team had to implement new working arrangements. Under the Councils emergency decision making powers a range of short-term initiatives (initially for up to 12 weeks) were agreed for either immediate or phased implementation. These were aimed at assisting the system wide efforts to ensure as far as possible, there was sufficient capacity in the local hospital to provide hospital based care to those in greatest need and to ensure that care providers operating in neighbourhoods were able to continue to support often vulnerable people, facilitate discharge and prevent presentation to hospital. These new measures included the suspension of the annual fee increase consultation process and replacing it with an immediate 5% uplift in fees for care providers, the central bulk purchasing and distribution of Personal Protective Equipment (PPE), purchasing of surplus capacity in care homes to facilitate hospital discharge and paying providers based on commissioned rather than actual activity.

All these measures were supported by extra Council investment (funded by additional Government grant) and also by the NHS via Oldham CCG accessing a £1.3bn national fund set up support accelerated discharges from hospital including the full or enhanced cost of care packages agreed at the point of discharge and delivered in the community.

As the situation evolves and restrictions ease, some of the measures will either reduce or cease entirely and there may be requirements for support in different ways or in different areas, almost certainly extending into future financial years potentially instigating permanent change and creating a new 'norm'.

In response to the statutory duty to coordinate food, self-care, medical supplies and other necessary assistance to vulnerable groups, the Council, working with the voluntary sector created 5 virtual Community Hub on a geographical basis to coordinate food distribution, the delivery of medicines, mutual aid, volunteering and an emergency helpline to act as a front door and triage. Behind this was a network of community distribution centre supported by Council officers and volunteers. Very quickly it was recognised that these activities needed to expand with referral pathways to other agencies being established. The Hub and Community offer is continuing to develop, and it is expected that it will help shape future service delivery models.

The Council has actioned a range of other Government initiatives to provide support to local businesses in the form of the administration of Business Grants and the application of additional Business Rate reliefs. Adopting the measures set out in the Governments Procurement Policy Note 2, the Council introduced measures to ensure suppliers at risk are able to resume normal contract delivery once the outbreak is over. Immediate payment terms were introduced for suppliers to the end of June, and where appropriate, the Council paid in advance of normal contractual terms, made interim payments and paid on order rather than on receipt of goods.

The impact of COVID-19 has had a widespread impact on the workforce of the Council and the way in which the Council delivers services. The Council has utilised technology to allow staff to work seamlessly from home to minimise disruption to services, however, facilities such as libraries have had to close and where appropriate staff have been redeployed to services such as the Community Hubs. For those officers who cannot work from home, such as those engaged in refuse collection, working practices have been adapted to ensure their health and wellbeing. As lockdown is easing, the Council is now looking at opening up services and phasing a return to more normal operating arrangements.

The Council worked closely with Head Teachers to manage school closures for all except the children of key workers and is similarly engaging on the re-opening of schools to the wider schools family, to balance the health and wellbeing of the children, school staff and the wider community.

The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Tax payers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July to March 2021. The Council is also applying the Governments hardship relief scheme to Council Tax payers of working age in receipt of Council Tax Reduction.

Other income streams, such as car parking, school catering, registrars services, licencing, planning and building control have all been interrupted. The challenge for 2020/21 will be for the Council to regain the lost or deferred income to avoid placing an additional burden on the people and businesses of Oldham whilst at the same time attempting to manage its finances effectively.

Central Government has provided several cash grants including two COVID-19 un-ringfenced grants totalling £14.172m (£7.416m of which was received on 27 March 2020 and has been carried forward into 2020/21 via an earmarked reserve) to meet urgent and unforeseen costs and financial pressures impacting on the Council and the Oldham economy. On 27 March 2020 the Council also received £11.233m to support cash flow. This was a cash advance of Government funding anticipated in 2020/21. These additional resources resulted in the Council's investment as at 31 March 2020 increase to £103.120m as can be seen in Note 20 Financial Instruments.

A new Government funding support package was announced on 2 July 2020 but full details have not yet been released. However, the level of Government support is not likely to be sufficient to address the impact of increased costs of service provision and the impact of lost income from fees, charges and commercial investment.

The Councils transformation programme already engaged to deliver to existing budget reduction requirements is continuing its planned activity but is being redesigned to incorporate changes in working practice that have had to be employed.

A key part of the Councils recovery activity led by the Chief Executive is the consideration of the future shape of the Council together with a clear financial plan covering both the revenue budget and capital programme. This financial plan will set out how the Councils can respond to the potential significant deficit in 2020/21, higher demand for certain services together with increased budget reduction requirement for future years whilst making the most effective use of reserves and balances. The plan will also highlight the uncertainty and significant risks that the Council is facing. This work is on-going and will be the focus of the Finance team during 2020/21.

Main Changes to the Core Statements and Significant Transactions in 2019/20

The actuarial valuation of the Council's pension scheme liabilities shown on the Balance Sheet has decreased by £82.048m during the year. This is a result of the changes in the financial assumptions related to the change in discount rate used by the pension fund Actuary (Hymans-Robertson). These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2019/20 and the CIPFA Bulletin 05 Closure of the 2019/20 Financial Statement issued in April 2020 to produce its 2019/20 Statement of Accounts. However, the Council has continued its policy of diverging from the Code in relation to the accounting treatment for the depreciation charge on Housing Revenue Account (HRA) dwellings. Details are provided in Section 4.1 of the Accounts. The Council's management believes that this alternative treatment is required in order to present a true and fair view of the financial position of the Council's HRA.

Basis of Preparation and Presentation of the Accounts

The Council prepares its Statement of Accounts on a going concern basis, under the assumption that it will continue in existence into the foreseeable future. Disclosures are included within the Statement of Accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

The Council considers disclosures against an internally calculated materiality threshold which is reviewed each year, however individual items of income and expenditure over £6.000m which are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are considered to be significant and are disclosed in Note 7. As already discussed, some disclosures are included due to their nature even if the value of transactions is not over the materiality threshold, an example of this is Note 9 Officer's Remuneration.

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall into the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2019/20 therefore consolidate MioCare Community Interest Company and the Unity Partnership Ltd. into the Councils' Group Accounts.

Explanation of the Statements to the Accounts

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below:

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and the Chief Finance Officer (Director of Finance).

Auditor's Report gives the auditor's opinion of the financial statements and of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Core Financial Statements

- **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.
- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides an analysis by Portfolio and reflects the Councils local reporting format. The bottom half of the statement deals with corporate transactions and funding.
- **Balance Sheet** shows the value of the Council's assets, liabilities and reserves at a point in time.
- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to day to day running of the Council (operating activities), investing activities or financing activities.

Supplementary Statements

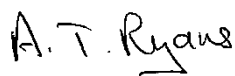
- **Housing Revenue Account (HRA)** shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.
- **Collection Fund Statement** shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Oldham, the Council Tax precepts payable are for the Mayoral Police and Crime Commissioner precept and the Mayoral General precept (including Fire & Rescue Services).
- **Group Accounts** show the group position of the Council and its material subsidiaries. The Council considers the Group Statements to be of equal prominence to the single entity statements.

Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact Anne Ryans at the Finance Department, Commissioning Portfolio , Oldham Council, West Street, Oldham, OL1 1UG.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.



Anne Ryans BA (Hons) FCPFA
Director of Finance, Section 151 Officer

2.0 Statements to the Accounts

2.1 Statement of Responsibilities for the Statement of Accounts

2.1.1 The Council's Responsibilities

The Council is required to:

- i. 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 Oldham Council, that officer is the Director of Finance.
- ii. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- iii. Approve the Statement of Accounts.

2.1.2 The Director of Finance Responsibilities

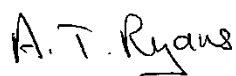
The Director of Finance is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- i. Selected suitable accounting policies and then applied them consistently.
- ii. Made judgements and estimates that were reasonable and prudent.
- iii. Complied with the Code of Practice on Local Authority Accounting.
- iv. Kept proper accounting records which were up to date.
- v. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

2.1.3 Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Oldham Council at 31 March 2020 and its income and expenditure for the year then ended.



Anne Ryans, BA (Hons) FCPFA
Director of Finance, Section 151 Officer.
Dated: 31 May 2020

Approval of Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit Committee on 21 July 2020.

Chair of Audit Committee
Dated:

2.2 Auditors Report

To be provided by the Council's External Auditors, Mazars, on completion of the 2019/20 audit process.

Core Financial Statements and Explanatory Notes

3.0 Core Financial Statements and Explanatory Notes

3.1 Comprehensive Income and Expenditure Statement

	Restated 2018/19*			Note	2019/20		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
	5,060	(1,606)	3,454		5,800	(1,980)	3,820
	838	(4,249)	(3,411)		7,930	(3,966)	3,964
	81,673	(25,818)	55,855		79,315	(25,640)	53,675
	261,670	(192,546)	69,124		272,250	(184,777)	87,473
	99,764	(35,885)	63,879		104,877	(35,850)	69,027
	46,830	(8,661)	38,169		45,714	(8,827)	36,887
	63,753	(64,498)	(745)		65,649	(57,790)	7,859
	6,677	-	6,677		6,960	-	6,960
	14,674	(28,279)	(13,605)		15,135	(28,869)	(13,734)
	580,939	(361,542)	219,397		603,630	(347,699)	255,931
			264				278
			8				-
			33,045				33,988
			224				(936)
			33,541				33,330
			47,501	3			43,869
		(256,122)		4			(260,186)
		44,317					72,942
		(20,971)		15a			(39,392)
		202		15a			64
		(1,241)					22,287
		57,683		29			(127,995)
		35,673					(145,036)
		79,990					(72,094)

*The 2018/19 Comprehensive Income and Expenditure Statement has been restated to reflect the organisational structure prevailing in 2019/20. The restatement is a change in categorisation and the net cost of service has not been amended.

3.2 Movement in Reserves Statement

2019/20		Usable Reserves								Total 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 Reserve		
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April Brought Forward		(14,840)	(93,559)	(108,399)	(21,305)	-	(649)	(42,989)	(173,342)	78,375	(94,967)
Movement in reserves during 2019/20				-					-		-
Total Comprehensive Income and Expenditure		76,191	-	76,191	(3,249)	-	-	-	72,942	(145,036)	(72,094)
Adjustments between accounting basis and funding basis under regulations	13	(70,767)	-	(70,767)	2,758	-	(77)	21,971	(46,115)	46,115	-
Net (increase)/decrease before transfers to Earmarked Reserves		5,424	-	5,424	(491)	-	(77)	21,971	26,827	(98,921)	(72,094)
Transfers to/from Earmarked Reserves	14	(5,694)	5,694	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year		(270)	5,694	5,424	(491)	-	(77)	21,971	26,827	(98,921)	(72,094)
Balance at 31 March carried forward		(15,110)	(87,865)	(102,975)	(21,796)	-	(726)	(21,018)	(146,515)	(20,546)	(167,061)

2018/19	Note	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 Reserve		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018		(13,991)	(92,005)	(105,996)	(20,162)	(8,747)	(566)	(38,867)	(174,339)	(618)	(174,957)
Movement in reserves during 2018/19											
Total Comprehensive Income and Expenditure		47,005	-	47,005	(2,688)	-	-	-	44,317	35,673	79,990
Adjustments between accounting basis and funding basis under regulations	13	(49,408)	-	(49,408)	1,545	8,747	(83)	(4,122)	(43,321)	43,321	-
Net (increase)/decrease before transfers to Earmarked Reserves		(2,403)	-	(2,403)	(1,143)	8,747	(83)	(4,122)	996	78,994	79,990
Transfers to/from Earmarked Reserves	14	1,554	(1,554)	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year		(849)	(1,554)	(2,403)	(1,143)	8,747	(83)	(4,122)	996	78,994	79,990
Balance at 31 March 2019		(14,840)	(93,559)	(108,399)	(21,305)	-	(649)	(42,989)	(173,342)	78,375	(94,967)

3.3 Balance Sheet

31 March 2019 £000		Note	31 March 2020 £000
727,663	Property Plant & Equipment	16	734,215
19,939	Heritage Assets	17	19,770
17,945	Investment Property	18	20,077
3,784	Intangible Assets		4,060
71,253	Long Term Investments	20	50,095
21,507	Long Term Debtors	21	22,508
862,091	Long Term Assets		850,725
32,235	Short Term Investments	20	40,775
675	Inventories		621
47,577	Short Term Debtors	21	43,225
33,229	Cash & Cash Equivalents	22	59,898
5,604	Assets Held For Sale (less than 1 year)		310
119,320	Current Assets		144,829
(1,666)	Short Term Borrowing	20	(1,716)
(52,492)	Short Term Creditors	23	(68,456)
(13,335)	Short Term Provisions	24	(12,567)
	Short Term Liabilities		
(9,751)	- Private Finance Initiatives	20,27	(10,216)
(219)	- Finance Leases		(314)
(1,054)	- Transferred Debt		(1,108)
(78,517)	Current Liabilities		(94,377)
(15,916)	Long Term Provisions	24	(15,800)
(148,373)	Long Term Borrowing	20	(168,364)
	Other Long Term Liabilities		
(406,919)	- Pension Liabilities	29	(324,871)
(232,747)	- Private Finance Initiatives	20,27	(222,531)
(507)	- Finance Leases		(474)
(2,332)	- Transferred Debt		(1,224)
(17)	- Deferred Credits		(17)
(1,116)	Capital Grants Receipts In Advance		(835)
(807,927)	Long Term Liabilities		(734,116)
94,967	Net Assets		167,061
(173,342)	Usable Reserves	MiRS	(146,515)
78,375	Unusable Reserves	MiRS/16	(20,546)
(94,967)	Total Reserves		(167,061)

These financial statements were authorised for issue by the Director of Finance on 21 July 2020.

A.T. Ryans

3.4 Cash Flow Statement

	Notes	2018/19 £000	2019/20 £000
Net deficit on the provision of services		(44,317)	(72,942)
Adjustment to surplus or deficit on the provision of services for non-cash movements	30	100,505	130,091
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	30	(6,734)	(29,948)
Net cash flows from operating activities		49,454	27,201
Net Cash flows from Investing Activities	31	(49,239)	(9,835)
Net Cash flows from Financing Activities	32	(9,436)	9,303
Net increase or (decrease) in cash and cash equivalents		(9,221)	26,669
Cash and cash equivalents at the beginning of the reporting period		42,450	33,229
Cash and cash equivalents at the end of the reporting period		33,229	59,898

3.5 Index of Explanatory Notes to the Accounts

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3.6 Explanatory Notes to the Core Financial Statements

Introduction

The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and the Accounting Policies set out in Note 33. The Notes that follow (1 to 38) set out supplementary information for readers of the accounts. Due to the organisational restructure in 2019/20 comparator amounts in the Comprehensive Income and Expenditure Statement and Note 1 Expenditure and Funding Analysis have been restated to reflect the new Portfolios.

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates 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 (GAAP). 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 GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

1a. Expenditure and Funding Analysis

2019/20	As reported for resource management (including HRA)	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Service Area	£000	£000	£000	£000	£000
Chief Executive	3,368	(575)	2,793	1,026	3,819
Commissioning	4,355	(1,936)	1,419	1,544	3,133
People and Place	91,641	(62,578)	29,063	24,612	53,675
Children's Services	91,116	(34,889)	56,227	31,247	87,473
Community Health & Adult Social Care	68,663	(4,633)	64,030	4,998	69,027
Communities and Reform	36,412	(5,069)	31,343	5,544	36,887
Capital Treasury and Technical Accounting	(46,617)	53,663	7,046	813	7,218
Corporate and Democratic Core	6,960	-	6,960	-	6,960
Central Services	4,019	4,019	-	-	-
Housing Revenue Account	-	(10,976)	(10,796)	(2,758)	(13,739)
Net cost of services	259,916	(71,011)	188,904	67,025	255,930
Other income and expenditure	(260,186)	76,215	(183,971)	984	(182,988)
(Surplus) or Deficit	(270)	5,203	4,933	68,009	72,942

The table below shows the comparative information for 2018/19.

Restated 2018/19	As reported for resource management (including HRA)	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Service Area	£000	£000	£000	£000	£000
Chief Executive	2,945	(249)	2,696	758	3,454
Commissioning	1,164	(5,636)	(4,472)	1,026	(3,446)
People and Place	94,603	(68,484)	26,119	29,736	55,856
Children's Services	79,684	(33,520)	46,163	22,962	69,125
Community Health & Adult Social Care	62,426	(2,474)	59,952	3,927	63,878
Communities and Reform	39,102	(9,107)	29,995	8,174	38,169
Capital Treasury and Technical Accounting	(23,305)	(7,218)	(30,524)	29,779	(745)
Corporate and Democratic Core	6,677	-	6,677	-	6,677
Central Services	(8,022)	8,056	34	-	34
Housing Revenue Account	-	(17,407)	(17,407)	3,802	(13,604)
Net cost of services	255,273	(136,039)	119,233	100,164	219,397
Other income and expenditure	(256,122)	133,343	(122,779)	(52,301)	(175,080)
(Surplus) or Deficit	(849)	(2,696)	(3,545)	47,863	44,317

The table below reconciles between the opening and closing balances of the General Fund (including earmarked reserves) and Housing Revenue Account (HRA) balances. Additional information on the movements in General Fund and HRA balances can be found on the Movement in Reserves Statement.

Movement in General Fund and HRA Balance	2018/19 £000	2019/20 £000
Opening General Fund and HRA Balance as at 1 April	(126,158)	(129,704)
Add (Surplus)/Deficit on General Fund and HRA Balance in Year	(3,546)	4,933
Closing General Fund and HRA Balance as at 31 March	(129,704)	(124,771)

1b. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund and HRA balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2019/20			
	Movement in Reserves £000	Other Adjustments £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustment for capital purposes (i & ii) £000	Net change for pension adjustment (iii) £000	Other Differences (iv) £000	Total Adjustments £000
Chief Executive	370	(945)	(575)	96	930	-	1,026
Commissioning	(573)	(2,193)	(2,766)	553	992	-	1,545
People and Place	1,909	(64,487)	(62,578)	21,141	5,581	(2,110)	24,612
Children's Services	4,752	(39,641)	(34,889)	28,995	5,465	(3,213)	31,247
Community Health & Adult Social Care	364	(4,997)	(4,633)	3,072	1,926	-	4,998
Communities and Reform	1,012	(6,081)	(5,069)	3,830	2,348	(634)	5,544
Capital Treasury and Technical Accounting	1,879	51,886	53,765	16,779	14,857	(31,567)	69
Corporate and Democratic Core	-	-	-	-	-	-	-
Central Services	(4,019)	20,120	16,101	-	-	-	-
Housing Revenue Account	(491)	(10,490)	(10,981)	4,576	-	(7,334)	(2,758)
Net cost of services	5,203	(56,828)	(51,625)	79,042	32,099	(44,858)	66,283
Other income and expenditure from the Expenditure and Funding Analysis	-	56,828	56,828	-	-	1,726	1,726
Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit	5,203	-	5,203	79,042	32,099	(43,132)	68,009

Restated Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2018/19			
	Movement in Reserves £000	Other Adjustments £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustment for capital purposes (i & ii) £000	Net change for pension adjustment (iii) £000	Other Differences (iv) £000	Total Adjustments £000
Chief Executive	442	(691)	(249)	-	758	-	758
Commissioning	(5,064)	(572)	(5,636)	-	1,026	-	1,026
People and Place	1,109	(69,593)	(68,484)	24,865	4,871	-	29,736
Community Health & Adult Social Care	1,453	(3,927)	(2,474)	2,420	1,507	-	3,927
Children's Services	(2,319)	(31,201)	(33,520)	18,530	4,432	-	22,962
Communities and Reform	41	(9,148)	(9,107)	5,953	2,221	-	8,174
Capital Treasury and Technical Accounting	(5,535)	(1,683)	(7,218)	21,786	7,993	-	29,779
Corporate and Democratic Core	-	-	-	-	-	-	-
Central Services	8,320	(264)	8,056	-	-	-	-
Housing Revenue Account	(1,142)	(16,265)	(17,407)	3,802	-	-	3,802
Net cost of services	(2,696)	(133,343)	(136,039)	77,356	22,808	-	100,164
Other income and expenditure from the Expenditure and Funding Analysis	-	133,343	133,343	(49,689)	-	(2,612)	(52,301)
Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement surplus/deficit	(2,696)	-	(2,696)	27,667	22,808	(2,612)	47,863

(i) Adjustments for Depreciation/Rental Income

For resource management purposes, the Council includes depreciation in its reporting at Directorate level. However, these charges are removed as they are not included in the net expenditure chargeable to the General Fund and HRA balances. Also, the Council includes rental income from investment properties in the People and Place Directorate. However, this is reported in the financial statements below the cost of services line and, therefore the table above shows the item being reallocated.

(ii) Adjustments for Capital Purposes

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition:

- **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 (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP).
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under GAAP. 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.

(iii) Net Change for Pension Adjustments

The removal of pension contributions and the addition of the International Accounting Standard (IAS) 19 Employee Benefits pension related expenditure and income are reflected as follows:

- **For the net cost of services** – the removal of the employer pension contributions made by the Council as determined 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).

(iv) Other Differences

Other 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 GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

2. Expenditure and Income Analysed by Nature

	2018/19 £000	2019/20 £000
Expenditure		
Employee benefit expenses	204,085	215,888
Other service expenses	338,761	358,708
Depreciation, amortisation and impairment	45,680	41,177
Interest payments	37,004	37,915
Precepts and levies	33,309	34,266
Payments to the housing capital receipts pool	8	-
(Gain) or loss on the disposal of assets	224	(936)
Loss on transfer to academy status	22,235	18,245
Movement on Pooled Investments	215	743
Total expenditure	681,521	706,006
Income		
Fees, charges and other service income	(89,725)	(94,216)
Interest and investment income	(9,068)	(10,337)
Income from Council Tax and Business Rates	(140,521)	(147,894)
Government grants and contributions	(375,221)	(359,069)
Other revenue receipts	(22,668)	(21,548)
Total income	(637,204)	(633,064)
Deficit on the Provision of Services	44,317	72,942

3. Financing and Investment Income and Expenditure

	2018/19 £000	2019/20 £000
Interest payable and similar charges	28,188	27,755
Net interest on the net defined benefit liability	8,816	10,160
Interest receivable and similar income	(2,786)	(3,005)
Income and expenditure in relation to investment properties and changes in their fair value	(2,885)	(2,697)
Other investment income	(6,282)	(7,332)
Loss on transfer of schools to Academy status	22,235	18,245
Fair Value movement on Pool Investment Funds	215	743
Total	47,501	43,869

4. Taxation and Non-Specific Grant Income

The Council raises Council Tax, Business Rates and receives grants from Central Government each year to finance revenue expenditure. This income is not attributable to specific services. Grants, Council Tax and Business Rates which have been raised/received are set out below:

	2018/19 £000	2019/20 £000
Council Tax Income - General Purposes	(83,112)	(85,607)
Council Tax Income - Adult Social Care Precept	(4,831)	(6,691)
Retained Business Rates	(52,579)	(55,597)
Business Rates Top Up g	(47,831)	(40,653)
Grants in Lieu of Business Rates	(7,565)	(12,816)
Private Finance Initiative (PFI) Grant	(9,216)	(9,026)
Other Capital Grants and Contributions	(29,644)	(20,120)
Other Non-Ringfenced Government Grants	(1,091)	(9,065)
Housing and Council Tax Benefit Administration Grants	(1,220)	(1,121)
New Homes Bonus	(1,601)	(961)
Adult Social Care Support Grant	(701)	-
Independent Living Fund	(2,661)	(2,580)
Improved Better Care Fund Grant – Settlement 2015	(4,687)	(8,150)
Improved Better Care Fund Grant – Spring Budget 2017	(3,201)	(1,586)
Opportunity Area Grant	(4,694)	(2,588)
Winter Pressures Grant	(1,122)	(1,122)
School Improvement Monitoring & Brokerage Grant	(261)	(254)
Brexit Support Grant	(105)	(210)
Social Care Support Grant	-	(1,917)
GMCA Earnback Grant	-	(122)
Total	(256,122)	(260,186)

5. Grant Income Credited to Services

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

	2018/19 £000	2019/20 £000
Dedicated Schools Grant (DSG)	(151,378)	(144,368)
Housing Benefit Subsidy - Rent Allowances	(52,640)	(46,374)
Housing Benefit Subsidy - Rent Rebates	(5,264)	(5,309)
Education Skills Funding Agency (ESFA) - Adult and Community Learning Income	(3,058)	(3,123)
Pupil Premium	(10,072)	(9,483)
Private Finance Initiative (PFI) Credit	(22,853)	(23,042)
Other Government Grants	(9,287)	(12,172)
Other Grants	(1,645)	(1,117)
Community Safety Grants	-	(584)
Reform Investment Funding	(1,460)	(572)
Discretionary Housing Payments	(652)	(633)
Total	(258,309)	(246,777)

6. Dedicated Schools Grant (DSG)

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). 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 an authority-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:

		2019/20		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG before academy recoupment			245,105
B	Academy Recoupment			(100,737)
C	Total DSG after academy recoupment			144,368
D	Balance Brought Forward			(2,723)
E	Carry forward to 2020/21 agreed in advance			-
				141,645
F	Agreed initial budget distribution	22,270	120,960	143,230
G	In year adjustments	(1,150)	(435)	(1,585)
H	Final budget distribution	21,120	120,525	141,645
I	Less: Central expenditure	(24,767)		(24,767)
J	Less: ISB deployed to schools		(121,794)	(121,794)
K	Carried forward	(3,647)	(1,269)	(4,916)

- A: Final DSG figure before any amount has been recouped from the Council.
 B: Figure recouped from the Authority 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 as agreed with the DfE.
 E: Any amount which the Authority 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 at 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 £4.916m is netted off against the cumulative level of School's balances of £5.487m and hence reduces the School's Reserve to £0.571m as shown at Note 14 (Earmarked Reserves).

7. Material Items of Income and Expenditure

	2019/20 £000
Material Items of Expenditure	
De-recognition of Medlock Valley School (transfer to academy status)	6,096
Total	6,096

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For the purposes of this Note the Council considers material items to be those greater than £6.000m.

Medlock Valley School was derecognised on the Councils' balance sheet as it transferred to Academy Status in 2019/20. The value of the disposal is £6.096m. The de-recognition of Medlock Valley School is included within the £18.245m, loss on transfer of schools to Academy status in Note 3, Financing and Income and Expenditure. The other individual disposals are not considered material, as they are not greater than £6.000m.

8. Members' Allowances

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

	2018/19 £000	2019/20 £000
Allowances	1,010	1,026
Total	1,010	1,026

9. Officers' Remuneration

The remuneration of senior employees is detailed below.

	2018/19				2019/20					Note
	Salary, Fees and Allowances £000	Expenses Allowances £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	
C Wilkins OBE, Chief Executive Oldham Council and Accountable Officer, NHS Oldham CCG, Head of Paid Service	175	1	36	212	178	-	-	37	215	A
Deputy Chief Executive: Corporate and Commercial Services	129	-	27	156	22	-	-	5	27	B
Deputy Chief Executive	129	-	27	156	132	-	-	27	159	C
Strategic Director: Communities and Reform	31	-	-	31	123	-	-	-	123	D
M Joseph, Interim Director of Children's Services	235	-	-	235	180	-	-	-	180	E
Managing Director Children and Young People (Director of Children's Services)	-	-	-	-	41	2	-	9	52	F
Managing Director Community Services and Adult Social Care (Director of Adult Social Services)	102	-	21	123	110	-	-	23	133	G
Director of Finance and Chief Financial Officer (Section 151 Officer)	94	-	19	113	99	-	-	20	119	H
Director of Legal Services and Monitoring Officer	97	-	20	117	103	-	-	20	123	
Director of Public Health	83	-	17	100	92	-	-	19	111	
Director of Education, Skills and Early Years (Chief Education Officer)	88	-	18	106	90	1	-	19	110	

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

Notes:

- A The Chief Executive holds a joint role, also covering the role of Accountable Officer for Oldham Clinical Commissioning Group (CCG). The contribution to the salary and pension cost paid by the CCG for 2019/20 was £119,141. (£106,172 - 2018/19)
- B The Deputy Chief Executive: Corporate and Commercial Services left the Council on 31 May 2019.
- C The Deputy Chief Executive: the post was jointly held until 31 May 2019.
- D The Strategic Director Communities and Reform: was appointed on 1 January 2019.
- E The Interim Director of Children's Services: left the Council on 29 November 2019.
- F The Managing Director Children and Young People (Director of Children's Services) was appointed on 2 December 2019.
- G The Managing Director Community Services and Adult Social Care became the Director of Adults' Social Services on 1 April 2018. The contribution to salary and pension costs paid by Pennine Care NHS Trust was £73,325.H The Director of Public Health was appointed on an interim basis from 1 January 2018. The post was permanently appointed to on 11 February 2019.

All of the Council's employees including schools staff (excluding the Chief Executive, other Executive Management Team members and statutory officers) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2018/19 Number of Employees Including Severance or Other Related Payments	2019/20 Number of Employees Including Severance or Other Related Payments
£50,000 - £55,000	66	95
£55,001 - £60,000	47	42
£60,001 - £65,000	36	46
£65,001 - £70,000	22	19
£70,001 - £75,000	5	15
£75,001 - £80,000	13	8
£80,001 - £85,000	3	5
£85,001 - £90,000	5	5
£90,001 - £95,000	-	4
£95,001 - £100,000	1	2
£100,001 - £105,000	1	-
£105,001 - £110,000	1	1
£110,001 - £115,000	-	-
£115,001 - £120,000	-	-
£120,001 - £125,000	1	-
£125,001 - £130,000	-	-
Total	201	242

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	
							£	£
£0 - £20,000	7	1	33	27	40	28	301,750	269,266
£20,001 - £40,000	1	1	1	5	2	6	56,823	149,704
£40,001 - £60,000	-	-	-	1	-	1	-	52,378
£60,001 - £80,000	1	-	2	1	3	1	188,562	76,345
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total	9	2	36	34	45	36	547,135	547,693

10. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts by the Council's External Auditors, which for 2019/20 is Mazars LLP.

	2018/19 £000	2019/20 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year.	105	104
Other Services	1	-
Total	106	104

11. Pooled Funds

Section 75 Agreement

In April 2016 Greater Manchester took control and responsibility for the £6bn Health & Social Care Budget and is working to deliver its own sustainable health and social care system by 2021. In taking forward this initiative locally, Oldham Council and the Oldham CCG have jointly developed a Locality Plan for Health and Social Care Transformation covering the period 2020/21 to 2023/24.

In successfully delivering this Locality Plan both organisations are working together to redesign the way that Health and Social Care services are delivered in the Borough to improve services and outcomes for residents and patients, all within a system that is built upon a sustainable financial model. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006.

The aims and benefits of entering into the Section 75 Agreement are to:

- improve the quality and efficiency of service provision;
- meet the National Conditions and Local Objectives;

- make more effective use of resources through the establishment and maintenance of an aligned fund for revenue expenditure on services;
- ensure that people in Oldham will be independent, resilient and self-caring so fewer people reach crisis point; and
- develop an integrated health and care system, for those that need it that enables people to proactively manage their own care with the support of their family, community and the right professionals at the right time in a properly joined up system.

The scope of services contained within the Section 75 agreement has increased considerably for 2019/20 as a result of exploring more integrated ways of working across the health and social care economy. The main purpose is to facilitate a whole system approach to deliver care where and how it needs to be delivered to the citizens of Oldham.

The Section 75 agreement for 2019/20 incorporated the following:

- Better Care Fund (including the Disabled Facilities Grant);
- Improved Better Care Fund;
- GM Health and Social Care Transformation Funds;
- Funding in relation to services commissioned by Oldham Council and services commissioned by Oldham CCG.
- Specific investment by the Council to facilitate service change and long term benefits across both Oldham CCG and the Council.

The Section 75 agreement relates to pooled funds. The pooled fund is split into two elements:

- a pooled budget that relates solely to the Integrated Community Equipment Service which is hosted by the Council but for which partners equally share the risk associated with any variance to budget.
- a pooled aligned budget covering the majority of funding and expenditure where funds are held in the host organisations budget.

As shown in the table below the Council spent pooled funds of £83.487m and the CCG spent £80.483m. Each of the partner organisations account for their own contributions, and details of the spend from the pool are reported to the Oldham Joint Commissioning Board. Details of the CCG's contributions are contained within their annual accounts. The table below includes an increased contribution of £5.9m to the pool by Oldham Council. This contribution is being used by the CCG to invest in service changes which will yield benefits to both partners over the coming years with the expectation of differential contributions to the pooled fund from 2021/22 onwards.

Section 75 incorporating Better Care Fund & Improved Better Care Fund	2018/19 £000	2019/20 £000
Funding provided to the pooled budget:		
Council	(69,743)	(83,487)
Oldham CCG	(72,162)	(80,483)
	(141,905)	(163,970)
Expenditure met from the pooled budget:		
Council	69,608	83,487
Oldham CCG	72,162	80,483
	141,770	163,970
Net (surplus)/deficit arising on the pooled budget during the year	(135)	-

12. Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions show the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's power to bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax billing, Housing Benefit administration). Grants received from Government Departments are disclosed in Notes 4 and 5.

Elected Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2019/20 is disclosed in Note 8. The Register of Members' Interests is open to public inspection at the Civic Centre during office hours, on application, and is also available on the Council's website. The Council is compliant in this regard with the requirement of the Localism Act 2012.

Any material transactions with entities disclosed by Members' have been incorporated into the Related Party Transactions table below.

Officers

There are no material related party transactions identified between the Council and Chief Officers' related parties.

Other Public Bodies (subject to common control by Central Government)

The Council has a pooled fund arrangement with Oldham 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 11 Pooled Funds. The Chief Executive holds a joint role, also covering the role of Accountable Officer for Oldham Clinical Commissioning Group (CCG).

The Council also pays levies towards the services provided by the Greater Manchester Combined Authority (GMCA) for Waste Disposal and for Transport and also to the Environment Agency (EA). The Levies payable are shown in the following table.

Levying Body	31 March 2019 £000	31 March 2020 £000
Greater Manchester Combined Authority - Waste Disposal	9,481	18,102
Greater Manchester Combined Authority - Transport	23,460	15,780
Environment Agency	104	106
Total	33,045	33,988

The Council was formally notified of the GMCA Waste Disposal levy for 2019/20 on 15 February 2019 at a value of £18.102m.

The GMCA also agreed its 2019/20 Transport Levy to the Greater Manchester Districts on 15 February 2019. Oldham was notified that its Transport Base Levy for 2019/20 was at a value of £16.076m. This included an increase to reflect one off additional funding of £0.693m for Bus Reform (including the provision of an Opportunity Pass for 16-18 year olds) and a one off levy reduction of £0.418m following a review of GMCA reserve balances. To offset the one off £0.693m funding adjustment, the GMCA advised that they would provide an equal amount of Mayoral Grant to the Council. The resulting 2019/20 Transport Levy for Oldham was therefore initially set at a value of £16.351m.

During 2019/20, the GMCA advised the Council that the budget requirement for Bus Reform would reduce to a value of £0.122m which in turn reduced the 2019/20 Transport Levy for Oldham by £0.571m to a revised total value of £15.780m as shown in Table 1.

On 11 February 2019 the Environment Agency provided the Council with a confirmed levy amount for the 2019/20 financial year at a value of £0.106m.

Note: In 2018/19 there was the reversal of a one year £7.368m levy adjustment that had taken place in 2017/18 between the GMCA Waste Disposal function (operated in 2017/18 by the Greater Manchester Waste Disposal Authority) and the GMCA Transport function. The transfer had been undertaken to support a savings programme which was anticipated to save the GMWDA significant sums in annual costs in future years. The amounts shown for 2019/20 now reflect the full levy for each charging body with no adjustments between the two.

The following table shows the receipts, payments and balances attributable to the Council's subsidiaries, associates, joint ventures and non-group entities where appropriate.

Related Party Transactions	Details of Arrangement	2018/19			2019/20		
		Receipts	Payments	Outstanding Balances / Commitments	Receipts	Payments	Outstanding Balances / Commitments
		£000	£000	£000	£000	£000	£000
Subsidiaries							
MioCare Group Community Interest Company (formerly Oldham Care Services Limited)	MioCare Group CIC is a care and support provider and is wholly owned by the Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS); and MioCare Services Ltd (formerly Oldham Care and Support at Home (OCSH)).	(1,201)	13,269	52	(1,025)	14,617	(133)
Unity Partnership Limited (Unity)	On 2 July 2018 the ownership of Unity Partnership transferred to Oldham Council and Unity Partnership became a 100% wholly owned Council subsidiary company providing a variety of services within the Council and to residents.	(2,188)	18,201	575	(1,626)	18,659	(55)
Oldham Economic Development Association Limited (OEDA)	OEDA is a company without share capital which is wholly owned by the Council and was set up to aid economic development and regeneration across the Borough. The company has remained inactive in the past year because of the restrictions which apply to companies wholly owned by a Local Authority.	-	-	-	-	-	-
Southlink Developments Limited	The principal activity of the company is that of a property developer. However, the development land now owned by the company is reduced to a few acres located on Southlink Business Park. The continued inactivity of the company is the result of the restrictions which apply to companies wholly owned by a Local Authority.	-	-	-	-	-	-
Associates							
Meridian Development Company Ltd (MDCL)	MDCL was created to enable the purchase and development of key sites in Oldham. The Council holds 27.2% of the voting shares and 59.1% of the non voting shares.	-	-	-	-	-	-
Joint Ventures							
Oldham Property LLP (OP LLP)	OP LLP is a joint venture between the Council and Brookhouse Group Ltd and was incorporated on 13 February 2013 for the acquisition of strategic development sites.	(1)	-	-	-	-	-
FO Development LLP	This joint venture was formed to deliver the development of the Foxdenton employment area in order to create a premium business location, new jobs and housing.	(12)	4,487	-	(14)	-	-
Non-Group Entities							
Positive Steps Oldham	The Council has a number of contracts with Positive Steps which is a charitable trust that delivers a range of targeted and integrated services for young people, adults and families. It is a not for profit company for which Council Members occupy 4 of the 12 Trustee positions.	(18)	4,198	-	(20)	4,142	-
	Total	(3,420)	40,155	627	(2,685)	37,418	(188)

13. 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.

	2018/19						2019/20					
	Usable Reserves					Movements in Unusable Reserves	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account:												
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:												
Charges for depreciation of non-current assets	(30,720)	(4,270)	-	-	-	34,990	(31,190)	(4,808)	-	-	-	35,998
Charges for impairment of non-current assets	(5,889)	-	-	-	-	5,889	(792)	(74)	-	-	-	866
Revaluation losses on Property, Plant and Equipment	(3,569)	309	-	-	-	3,260	(2,853)	96	-	-	-	2,756
Movements in the fair value of Investment Properties	1,243	-	-	-	-	(1,243)	51	-	-	-	-	(51)
Amortisation of intangible assets	(1,332)	-	-	-	-	1,332	(1,557)	-	-	-	-	1,557
Capital grants and contributions applied	7,706	-	-	-	-	(7,706)	15,464	-	-	-	-	(15,464)
Revenue expenditure funded from capital under statute	(10,686)	-	-	-	-	10,686	(21,582)	-	-	-	-	21,582
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	(6,565)	(9)	-	-	-	6,574	(7,906)	(12)	-	-	-	7,917
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(22,236)	-	-	-	-	22,236	(18,245)	-	-	-	-	18,245
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:												
Statutory provision for the financing of capital investment	2,742	-	-	-	-	(2,742)	2,742	-	-	-	-	(2,742)
Voluntary provision for the financing of capital investment	4,463	4,413	-	-	-	(8,876)	14,163	5,123	-	-	-	(19,286)
Capital expenditure charged against the General Fund and HRA balances	7,271	851	-	-	-	(8,123)	245	2,134	-	-	-	(2,379)
Adjustments primarily involving the Capital Grants Unapplied Account:												
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	21,938	-	-	-	(21,938)	-	4,655	-	-	-	(4,655)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	17,816	(17,816)	-	-	-	-	26,626	(26,626)
Adjustments primarily involving the Capital Receipts Reserve:												
Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,899	168	(6,067)	-	-	-	9,607	221	(9,828)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	14,919	-	-	(14,919)	-	-	9,914	-	-	(9,914)
Contributions to the Capital Receipts Pool	(8)	-	8	-	-	-	-	-	-	-	-	-
Repayment of Long Term Loans	-	-	(112)	-	-	112	-	-	(86)	-	-	86
Transfer from Deferred Capital Receipts reserve upon receipt of cash	-	-	-	-	-	-	-	-	-	-	-	-

	2018/19						2019/20					
	Usable Reserves					Movements in Unusable Reserves	Usable Reserves					Movements in Unusable Reserves
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Deferred Capital Receipts Reserve:						-						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	523	-	-	-	-	(523)	-	-	-	-	-	-
Adjustments primarily involving the Major Repairs Reserve:												
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(4,187)	-	4,187	-	-	-	77	-	(77)	-	-
Credit MRR with a sum equal to HRA Depreciation	-	4,270	-	(4,270)	-	-	-	-	-	-	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:												
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	221	-	-	-	-	(221)	255	-	-	-	-	(255)
Adjustments primarily involving the Financial Instruments Revaluation Reserve:												
Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.	(215)	-	-	-	-	215	-	-	-	-	-	-
Adjustments primarily involving the Pensions Reserve:												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 27)	(39,845)	-	-	-	-	39,845	(50,804)	-	-	-	-	50,804
Employer's pension contributions and direct payments to pensioners payable in the year	17,037	-	-	-	-	(17,037)	18,705	-	-	-	-	(18,705)
Adjustments primarily involving the Collection Fund Adjustment Account:												
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,983	-	-	-	-	(1,983)	(450)	-	-	-	-	450
Adjustments primarily involving the Accumulated Absences Account:												
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements	629	-	-	-	-	(629)	(534)	-	-	-	-	534
Amounts by which financial instruments held under fair value through profit and loss are subject to MHCLG statutory override	-	-	-	-	-	-	(743)	-	-	-	-	743
Total Adjustments	(49,408)	1,545	8,747	(83)	(4,122)	43,321	(70,767)	2,758	-	(77)	21,971	46,115

14. Earmarked Reserves

This note discloses the amounts set aside from the General Fund as earmarked reserves to provide financing for future expenditure plans. The note also discloses the value of transfers to or from General Fund earmarked reserves during 2018/19 and 2019/20. All Earmarked Reserves are managed in accordance with the Council's reserves policy.

	Balance as at 31 March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance as at 31 March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance as at 31 March 2020 £000
Integrated Working Reserve	(4,333)	1,819	(1,148)	(3,662)	376	(700)	(3,986)
Transformation Reserve	(11,104)	2,575	(1,752)	(10,281)	2,849	(377)	(7,809)
Adverse Weather Reserve	(1,500)	-	-	(1,500)	500	-	(1,000)
Regeneration Reserve	(3,580)	571	(3,447)	(6,456)	1,795	-	(4,661)
Demand Changes Reserve	(2,000)	1,000	(1,000)	(2,000)	1,660	(1,660)	(2,000)
Emergency and External Events Reserve	(2,671)	55	(135)	(2,751)	564	(64)	(2,251)
Levy Reserve	(558)	157	-	(402)	-	-	(402)
Council Initiatives Reserve	(5,179)	1,220	(555)	(4,514)	1,591	(609)	(3,532)
Fiscal Mitigation Reserve	(17,160)	19,696	(17,513)	(14,975)	13,718	(25,720)	(26,977)
Life Cycle Costs Reserve	(6,611)	-	-	(6,611)	5,031	-	(1,580)
Insurance Reserve	(14,933)	2,000	(1,596)	(14,529)	2,364	-	(12,165)
Directorate Reserve	(4,477)	2,305	(595)	(2,767)	1,335	(428)	(1,860)
Balancing Budget Reserve	(7,264)	7,264	(8,818)	(8,818)	8,818	(10,008)	(10,008)
Taxation / Treasury Reserve	(625)	-	-	(625)	125	-	(500)
District Partnership Reserve	(735)	95	(92)	(732)	224	(121)	(629)
Total Revenue Account Earmarked Reserves	(82,731)	38,756	(36,650)	(80,623)	40,950	(39,687)	(79,360)
Other Earmarked Reserves							
Revenue Grants Reserve	(6,760)	1,962	(3,935)	(8,733)	1,440	(641)	(7,934)
Schools Reserve	(2,514)	8,666	(10,353)	(4,202)	4,207	(576)	(571)
Total Other Earmarked Reserves	(9,274)	10,628	(14,287)	(12,935)	5,647	(1,217)	(8,504)
Total Earmarked Reserves	(92,005)	49,384	(50,938)	(93,558)	46,597	(40,904)	(87,865)

Revenue Account Earmarked Reserves

Integrated Working Reserve - this represents funding that has been set aside to support initiatives arising from the Greater Manchester devolution agenda and Greater Manchester Spatial Framework including joint working with the Oldham Clinical Commissioning Group around Health and Adult Social Care, other Greater Manchester Councils and the Greater Manchester Combined Authority.

Transformation Reserve – this represents funding that has been set aside to provide for any exceptional costs arising from implementing the budget reductions required by the Council's revenue budget for 2020/21 and also the programme of change as the Council moves to address funding reductions in future years by the continued transformation of its services.

Adverse Weather Reserve – this represents funds set aside to cover the cost of winter maintenance of Oldham's roads due to adverse weather conditions.

Regeneration Reserve – the Council has an extensive and ambitious regeneration agenda and resources have been set aside to support a number of regeneration projects which span more than one financial year.

Demand Changes Reserve – the Council has set funds aside to allow for the unbudgeted increase in demand for a range of services, especially costs associated with looked after children which are difficult to predict and can fluctuate from year to year.

Emergency and External Events Reserve – this reserve has been established to ensure that the Council has sufficient resources to address costs arising from events such as flooding including the requirement to undertake emergency repairs.

Levy Reserve – this represents funds set aside to cover any increased levy costs in future years as notified by the Greater Manchester Combined Authority.

Council Initiatives Reserve – there are a number of projects and programmes of work which the Council considers to be priority initiatives and has therefore set reserve funds aside to ensure that these can be undertaken.

Fiscal Mitigation Reserve – this reserve has been established to fund future costs expected to arise from reforms to Central Government Funding, pressures resulting from legislative change, the potential requirement to support performance improvement in selected services and the financial implications of COVID-19. It includes the £7.641m of Government resources paid on the 27 March 2020 to support the council's response to COVID-19.

Life Cycle Costs Reserve – the Council has a number of service areas including PFI schemes which require reserves to ensure that there is funding to provide for future costs including unitary charge inflationary increases.

Insurance Reserve – this has been established in order to finance costs (e.g. claims and premium payment) associated with insurable risk. The Council also has an Insurance Fund and the Insurance Reserve will also meet expenditure relating to various types of future claims which are not covered by the Insurance Fund.

Directorate Reserve – there are a wide range of Directorate initiatives which span more than one financial year or for which funds have been budgeted but not yet started. The Directorate Reserve will ensure that such initiatives can be completed.

Balancing Budget Reserve – this holds the sum of reserves required to balance the 2020/21 budget approved by Council on 26 February 2020. It will be used in 2020/21.

Taxation/Treasury Reserve – this represents funding set aside for any future taxation liabilities e.g. from HM Revenues and Customs or treasury management issues.

District Partnership Reserve – this represents sums set aside to fund projects already agreed by the seven District Executives which are programmed for a future financial year or span more than one financial year.

Other Earmarked Reserves

In addition to the reserves detailed above there are two earmarked reserves held in the Council's General Fund which have to be itemised separately given the nature of the funds held. These are:

Revenue Grants Reserve – this represents income from grants received which have no conditions attached or where the conditions have been met but no expenditure has yet been incurred.

Schools Reserve – this includes the balances held by Schools under the scheme of delegation netted down by the value of the deficit on the DSG.

15. Unusable Reserves

Summary	Note	31 March 2019 £000	31 March 2020 £000
Revaluation Reserve	15a	(291,667)	(301,490)
Financial Instruments Revaluation Reserve	15b	(42,271)	(19,240)
Capital Adjustment Account	15c	(17,413)	(34,373)
Financial Instruments Adjustment Account	15d	8,772	8,517
Deferred Capital Receipts	15e	(523)	(523)
Pensions Reserve	15f	420,767	324,871
Collection Fund Adjustment Account	15g	(3,689)	(3,240)
Accumulated Absences Reserve	15h	4,399	4,932
Total Unusable Reserves		78,375	(20,546)

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

(15a) 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	2019/20 £000
Balance at 1 April	(296,913)	(291,667)
Upward revaluation of assets	(39,081)	(44,354)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	18,312	5,026
Difference between fair value depreciation and historic cost depreciation	12,783	13,998
Accumulated gains on non-current assets sold or decommissioned (excluding Academies)	2,017	3,979
Accumulated gains on Academy assets sold or decommissioned	11,215	11,528
Balance at 31 March	(291,667)	(301,490)

(15b) Financial Instruments Revaluation Reserve

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 Instrument Revaluation Reserve	2018/19 £000	2019/20 £000
Balance at 1 April	-	(42,271)
Transfer from Available for Sale Reserve	(41,245)	-
Revaluation of Shareholding in Manchester Airport	(800)	22,500
Reversal of Pooled Investment Funds for Fair Value movement	(441)	(215)
(Surplus)/Deficit on revaluation of Financial Instrument Revaluation Reserve	(1,241)	22,285
Other Movement for Fair Value movement	-	3
Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory Over-Ride *	215	743
Balance at 31 March	(42,271)	(19,240)

*The Ministry for Housing, Communities and Local Government (MHCLG) introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in the Churches, Charities and Local Authorities (CCLA) Property Fund. This over-ride expires on 31 March 2023 and unless extended, all fair value movements will then impact on the General Fund Balance.

(15c) 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 subsequent costs.

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 13 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	2019/20 £000
Balance at 1 April	(15,051)	(17,413)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non-current assets	34,990	35,998
Charges for impairment of non-current assets	5,889	866
Revaluation (gains)/losses on Property, Plant and Equipment	3,260	2,756
Amortisation of intangible assets	1,332	1,557
Revenue expenditure funded from capital under statute	10,686	21,582
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 (excluding Academies)	6,574	7,917
Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	22,236	18,245
Adjusting amounts written out of the Revaluation Reserve	(26,016)	(29,505)
Repayment of Long Term Debtors	112	86
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	(14,919)	(9,914)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,706)	(15,464)
Application of grants to capital financing from the Capital Grants Unapplied Account	(17,816)	(26,626)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,742)	(2,742)
Voluntary MRP	(8,876)	(19,286)
Capital expenditure charged against the General Fund and HRA balances	(8,123)	(2,379)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,243)	(51)
Balance at 31 March	(17,413)	(34,373)

(15d) 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	2019/20 £000
Balance at 1 April	8,993	8,772
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(356)	(329)
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	135	74
Balance at 31 March	8,772	8,517

(15e) Deferred Capital Receipts Reserve

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.

(15f) Pensions 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	2019/20 £000
Balance at 1 April	340,276	420,767
Remeasurement of net defined benefit liability	57,683	(127,995)
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	39,845	50,804
Employer's pension contributions and direct payments to pensioners payable in the year	(17,037)	(18,705)
Balance at 31 March	420,767	324,871

(15g) Collection Fund Adjustment Account

The Collection Fund Adjustment Account is used to manage 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.

(15h) Accumulated Absences Reserve

The Short Term 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.

16. Property, Plant and Equipment

Movements on Balances

2019/20	Property, Plant and Equipment (PPE)							
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PPE Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2019	73,313	504,968	33,310	257,446	3,447	5,571	3,767	881,822
Additions	2,077	9,660	6,752	10,762	36	111	202	29,600
Revaluation	1,237	11,156	-	-	(242)	(23)	-	12,128
Increases/(decreases) to Revaluation Reserve								
Revaluation	49	(4,562)	-	-	-	18	-	(4,495)
Increases/(decreases) to Surplus/Deficit on the Provision of Services								
Derecognition-Disposals	(149)	(21,182)	(1,461)	-	-	(45)	-	(22,837)
Reclassified to/from Held for Sale	-	18	-	-	-	-	-	18
Other Reclassifications	228	(2,289)	-	-	-	-	-	(2,061)
At 31 March 2020	76,755	497,769	38,601	268,208	3,241	5,632	3,969	894,175
Accumulated Depreciation and Impairment								
At 1 April 2019	4,187	11,634	25,417	105,826	3,447	56	3,593	154,160
Depreciation Charge	4,731	20,833	2,392	8,042	-	-	-	35,998
Depreciation written out on revaluation	(4,153)	(21,445)	-	-	-	-	-	(25,598)
Depreciation written out to Surplus/Deficit on the Provision of Services	(47)	(1,625)	-	-	-	-	-	(1,672)
Impairment losses/reversals to Revaluation Reserve		(1,322)	-	-	(242)	2	-	(1,562)
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	73	817	-	-	20	(59)	15	866
Derecognition-Disposals	(8)	(790)	(1,430)	-	-	-	-	(2,228)
Eliminated on reclassification to Held for Sale	-	4	-	-	-	-	-	4
Other Reclassifications	20	(27)	-	-	-	-	-	(7)
At 31 March 2020	4,803	8,079	26,379	113,868	3,225	-	3,608	159,961
Net Book Value								
At 31 March 2020	71,952	489,691	12,222	154,341	16	5,632	362	734,215
At 31 March 2019	69,126	493,334	7,893	151,620	-	5,515	174	727,663

Comparative Movements in 2018/19

2018/19	Property, Plant and Equipment (PPE)							
	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PPE Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2018	72,036	536,062	30,185	247,557	3,249	2,793	3,740	895,622
Additions	2,238	8,390	3,695	9,888	3	70	27	24,310
Revaluation	(1,243)	(2,317)	-	-	-	(2,248)	-	(5,808)
Increases/(decreases) to Revaluation Reserve								
Revaluation	248	(2,876)	-	-	-	(874)	-	(3,503)
Increases/(decreases) to Surplus/Deficit on the Provision of Services								
Derecognition-Disposals	(82)	(27,036)	(570)	-	-	-	-	(27,688)
Reclassified to/from Held for Sale	160	(1,444)	-	-	-	950	-	(334)
Other Reclassifications	(45)	(5,810)	-	-	195	4,880	-	(779)
At 31 March 2019	73,313	504,968	33,310	257,446	3,447	5,571	3,767	881,822
Accumulated Depreciation and Impairment								
At 1 April 2018	6,892	9,438	23,809	98,031	3,249	-	3	141,422
Depreciation Charge	4,188	21,166	1,841	7,795	-	-	-	34,990
Depreciation written out on revaluation	(5,301)	(18,253)	-	-	-	(384)	-	(23,938)
Depreciation written out to Surplus/Deficit on the Provision of Services	(61)	(313)	-	-	-	-	-	(374)
Impairment	(1,522)	(392)	-	-	-	(251)	-	(2,165)
losses/reversals to Revaluation Reserve								
Impairment	-	2,239	-	-	3	59	3,590	5,891
losses/reversals to Surplus/Deficit on the Provision of Services								
Derecognition-Disposals	(4)	(1,308)	(233)	-	-	-	-	(1,546)
Eliminated on reclassification to Held for Sale	-	120	-	-	-	-	-	120
Other Reclassifications	(5)	(1,063)	-	-	195	633	-	(240)
At 31 March 2019	4,187	11,634	25,417	105,826	3,447	56	3,593	154,160
Net Book Value								
At 31 March 2019	69,126	493,334	7,893	151,620	-	5,515	174	727,663
At 31 March 2018	65,144	526,624	6,376	149,526	-	2,793	4,169	754,633

Depreciation

The following asset lives have been used in the calculation of depreciation:

Council Dwellings	Up to 50 years
Other Land and Buildings	Up to 50 years
Vehicles, Plant, Furniture and Equipment	Between 3 and 20 years
Infrastructure	Up to 40 years

Capital Commitments

At 31 March 2020, the Council had no outstanding contracts for the construction or enhancement of Property, Plant and Equipment for which there are material outstanding contractual commitments. Similarly, there were no outstanding commitments as at 31 March 2019.

Effects of Changes in Estimates

In 2019/20 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The Council undertakes a rolling programme of valuation that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The Council's Land and Buildings have been valued as at 31 March 2020 by officers of the Unity Partnership Ltd on behalf of the Council in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The Unity Partnership Ltd is a wholly owned subsidiary of the Council.

The valuations are carried out throughout the year.

The significant assumptions applied in estimating current values (fair value for Surplus Assets) are that:

- good title can be shown, and all valid planning permissions and statutory approvals are in place;
- the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and
- there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

In addition, the Council instructed its valuers to undertake a review of all assets held at cost in the other land and buildings category to ensure that the carrying value of assets is not materially different from their fair value.

The review concluded that the current value for assets valued at Depreciated Replacement Cost (DRC) experienced a significant change in values due to increases in building costs. As a result of this review, desktop valuations were conducted for all assets that are valued on a DRC basis.

	£000 Council Dwellings	£000 Other Land and Buildings	£000 Vehicles, Plant, Furniture and Equipment	£000 Infrastructure Assets	£000 Community Assets	£000 Surplus Assets	£000 Assets under Construction	£000 Total
Carried at historical cost	-	1,354	38,600	268,208	3,241	-	3,969	315,372
Valued at current value as at:								
31 March 2020	72,381	198,484	-	-	-	5,632	-	276,497
31 March 2019	4,300	52,442	-	-	-	-	-	56,742
31 March 2018	-	107,907	-	-	-	-	-	107,907
31 March 2017	-	81,136	-	-	-	-	-	81,136
31 March 2016	73	56,445	-	-	-	-	-	56,518
Total Cost or Valuation	76,754	497,768	38,600	268,208	3,241	5,632	3,969	894,172

17. Heritage Assets

Tangible and Intangible Heritage Assets

The three principal collections of heritage assets held in Gallery Oldham include:

- **Natural History** - Gallery Oldham holds an extensive natural history collection, made up of over 110,000 items of invertebrate, vertebrate and geological specimens.
- **Social History** - This collection consists of around 22,000 items and is of significant value as material evidence of the social history of Oldham and its people. The collections relate to the area's industrial history, archaeology, textiles and ephemera representing the everyday life of the Borough.
- **Fine and Decorative Art** - this collection consists of over 450 oil paintings, 500 watercolours and around 1,400 prints. Of particular interest are the Charles Lees collection of oil paintings, watercolours, drawings and engravings and 55 watercolours and drawings from the S. C. Turner Collection. In addition, the Council holds two paintings by William Orpen and one by each of J. W. Waterhouse, Stanhope Forbes and A. J. Munnings which have values in excess of £1 million. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures and decorative arts.

In addition to the above three collections, the Council also has Civic Regalia which is either stored or displayed at the Civic Centre, an art collection and statues as discussed overleaf.

- **Civic Regalia** - The Council's Civic Regalia is reported in the Balance Sheet at insurance valuation and the insured sum for 2019/20 is £1.442m.
- **Gallery Oldham Collection** – Following the flood in 2018 the Council has had the art collection valued by external valuer, James Glennie. The valuation was on a market value basis assessed at £18.292m undertaken by James Glennie as at March 2020.
- **Statues** - An additional statue was commissioned in 2018/19 and recorded at cost price of £0.036m. The assets within this category are deemed to have indeterminate lives, hence the Council does not consider it as appropriate to charge depreciation. Other Council owned statues are held on the balance sheet at their nominal value.

During the year, the Council's Gallery Team used their expert knowledge and understanding to determine if a change in insurance valuation was needed. This is based on the valuations given to items when agreeing loans to other museums and galleries as required. It was considered that no revaluation was needed.

The following table summarises balances relating to Heritage Assets and the movements during the year:

	Art Collection £000	Civic Regalia £000	Statues £000	Total Assets £000
Cost or Valuation				
1 April 2018	18,711	1,072	-	19,783
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	120	-	120
Additions	-	-	36	36
31 March 2019	18,711	1,192	36	19,939
Cost or Valuation				
1 April 2019	18,711	1,192	36	19,939
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	(419)	250	-	(169)
31 March 2020	18,292	1,442	36	19,770

The Council has not recognised the majority of the ceramics, porcelain work, figurines, pottery, machinery, ephemera, photography, biological and geological records and specimens, books and manuscripts in the financial statements. It is of the view that obtaining valuations for the vast majority of these collections would involve a disproportionate cost for obtaining the information, in comparison to the benefits to the users of the Council's financial statements.

18. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement:

	2018/19 £000	2019/20 £000
Rental Income from Investment Properties	(2,105)	(2,232)
Direct Operating Expenses (including repairs and maintenance)	703	562
Net Gain	(1,402)	(1,670)
Fair value movements on investment properties	(1,243)	(51)
Cash proceeds on disposal	(240)	(976)
Total Income and Expenditure on relation to investment properties and changes in their fair value	(2,885)	(2,697)

The movement in the value of investment properties is disclosed below:

	2018/19 £000	2019/20 £000
Balance at 1 April	15,749	17,945
Additions: Subsequent Expenditure	181	20
Disposals	(8)	(242)
Net Gain/(Loss) from Fair Value Adjustments	1,250	293
Transfers from Other Land and Buildings	772	2,061
Balance at 31 March	17,945	20,077

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 (see Note 33 Accounting Policy section 1.23 for an explanation of the fair value levels).

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 estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2020 by officers of the Unity Partnership Ltd on behalf of the Council in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

19. Capital Expenditure and Capital Financing

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.

	2018/19 £000	2019/20 £000
Opening capital financing requirement	505,049	493,880
Capital Investment		
Property Plant and Equipment	24,310	29,600
Investment Assets	181	20
Heritage Assets	36	-
Revenue Expenditure Funded from Capital Under Statute	10,686	21,582
Long Term Investment	1,500	1,870
Intangible Assets	981	1,833
Long Term Debtors	11,278	-
Assets Held for Sale	43	4
Sources of Finance		
Capital Receipts	(14,919)	(9,914)
Government Grants and Other Contributions	(25,523)	(42,091)
Sums Set aside from Revenue	(19,741)	(24,407)
Closing Capital Financing Requirement	493,880	472,377
Explanation of movements in year		
Increase in Need to Borrow Supported by Government Financial Assistance	(2,742)	(2,742)
Increase in Need to Borrow Unsupported by Government Financial Assistance	(8,876)	(19,286)
Assets Acquired Under Finance Leases	450	525
Increase/(Decrease) in Capital Financing Requirement	(11,168)	(21,503)

20. 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

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000
Amortised Cost								
Principal	3,768	3,669	21,507	22,508	32,000	40,500	17,019	13,859
Investment Accrued Interest	-	-	-	-	85	125	-	-
Cash & Cash Equivalents (CCE)	-	-	-	-	33,217	59,862	-	-
CCE Accrued Interest	-	-	-	-	12	36	-	-
Amortised Cost Total	3,768	3,669	21,507	22,508	65,314	100,523	17,019	13,859
Fair Value through other comprehensive income - designated equity instruments								
	14,785	14,256	-	-	150	150	-	-
Fair Value through other comprehensive income - other								
	52,700	32,170	-	-	-	-	-	-
Total Financial Assets	71,253	50,095	21,507	22,508	65,464	100,673	17,019	13,859
Non-Financial Assets	-	-	-	-	-	-	30,558	29,366
Total	71,253	50,095	21,507	22,508	65,464	100,673	47,577	43,225

The Council hold its investments in subsidiaries and associates and interests in joint ventures at amortised cost in the above table which is permitted by International Financial Reporting Standard (IFRS) 9 and the Code of Practice.

Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000
Amortised Cost								
Principal	147,583	167,583	-	-	263	259	37,058	39,210
Loans Accrued Interest	-	-	-	-	1,403	1,457	-	-
Market Loans Effective Interest Rate Adjustment	790	781	-	-	-	-	-	-
PFI, Finance lease and transferred debt	235,586	224,229	-	-	11,024	11,638	-	-
Total Financial Liabilities	383,959	392,593	-	-	12,690	13,354	37,058	39,210
Non-Financial Liabilities	-	-	-	-	-	-	15,434	29,246
Total	383,959	392,593	-	-	12,690	13,354	52,492	68,456

Borrowings	Long Term 31 March 2019 £000	Current 31 March 2019 £000	Long Term 31 March 2020 £000	Current 31 March 2020 £000
PWLB	15,482	97	35,482	137
LOBO's	86,290	902	86,281	911
Other market debt	46,601	667	46,601	668
Total Borrowings	148,373	1,666	168,364	1,716

Investments in equity instruments designated at fair value through other comprehensive income

With the introduction of IFRS 9 the authority has designated the following equity at 31 March 2020 as fair value through other comprehensive income:

Description	Nominal £'000	Fair Value £'000	Change in fair value during 2019/20 £'000
Manchester Airport Shares	10,214	30,200	(22,500)
Manchester Airport Car Park	1,870	1,870	-

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.

In March 2020 the Council made an equity investment of in Manchester Airport Holding Ltd (MAHL), (along with the other nine Greater Manchester District Councils). The Council's investment of £1.870m is to assist in funding the capital build of a car park in return for the issue of class C ordinary shares in MAHL.

For 2019/20 the shareholding will be classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) will be designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This would mean that there is no impact on the revenue budget. The decision to designate to fair value through other comprehensive income is irrevocable.

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:

	2018/19			2019/20		
	Surplus or Deficit on the provision of Services £000	Other Comprehensive Income & Expenditure £000	Total £000	Surplus or Deficit on the provision of Services £000	Other Comprehensive Income & Expenditure £000	Total £000
Net gains/losses on:						
* Financial Assets measured at fair value through profit or loss	-	(215)	(215)	-	(531)	(531)
* Investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-
* Financial Assets measured at fair value through other comprehensive income	-	800	800	-	(22,500)	(22,500)
Total net gains /losses	-	585	585	-	(23,031)	(23,031)
Interest Revenue:						
* Financial Assets measured at amortised cost	2,786	-	2,786	3,005	-	3,005
* Other Financial Assets measured at fair value through other comprehensive income	6,067	-	6,067	6,801	-	6,801
Total interest revenue	8,853	-	8,853	9,806	-	9,806
Interest Expense	(28,188)	-	(28,188)	(27,755)	-	(27,755)

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	31 March 2019 Fair value £000	31 March 2020 Fair value £000
Fair Value through Profit and Loss CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	14,785	14,256
Fair Value through Other Comprehensive Income Manchester Airport	Level 2	Earnings Based	52,700	30,200
			67,485	54,494

The Council holds a 3.22% share in Manchester Airports 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 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 an annual valuation. In 2019/20 this has seen a decrease in value of £22.500m. This significant decrease in valuation in 2019/20 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. The Council also holds units within the CCLA Property Fund, the fair value has been calculated using quoted share prices.

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost 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, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption

procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment rate, highlighting the impact of the alternative valuation;

- 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 the carrying amount or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31 March 2019		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB	15,579	17,869	35,620	33,975
Market Loans	134,460	207,791	134,460	201,675
Short-term creditors	37,058	37,058	39,210	39,210
Total	187,097	262,718	209,290	274,860

** See Note 33 Accounting Policy 1.23 for an explanation of the Fair Value levels.

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 in the market 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 value of PWLB loans based on the premature repayment rate of £48.293m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has used a transfer value for the fair value of financial liabilities. We have also calculated an exit price fair value of £48.293m, which is calculated using an early repayment discount rates. The Council has no contractual obligation to pay these costs and would not incur any additional cost if the loans run to their planned maturity date.

	31 March 2019		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Fixed Term Investments	32,085	32,085	40,625	40,625
Cash and Cash Equivalents	33,229	33,229	59,898	59,898
Long-term debtors	21,507	29,256	22,508	28,624
Short-term debtors	17,019	17,019	13,859	13,859
	103,842	111,590	136,890	143,006

The fair value of the assets 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 in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders below current market rates.

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

31/03/2020 Recurring fair value measurements using:	Other significant observable inputs (Level 2) £000
Financial liabilities	
Financial liabilities held at amortised cost:	
PWLB	35,482
Non-PWLB	132,882
Short term debt	259
PFI and finance lease liability	235,867
Total	404,490
Financial assets held at amortised cost:	100,523
Other financial assets - Long Term	3,669
Total	104,192

31/03/2019 Recurring fair value measurements using:	Other significant observable inputs (Level 2) £000
Financial liabilities	
Financial liabilities held at amortised cost:	
PWLB	15,482
Non-PWLB	132,101
Short term debt	263
PFI and finance lease liability	246,610
Total	394,456
Financial assets held at amortised cost:	65,314
Other financial assets - Long Term	3,768
Total	69,082

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.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

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 required 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.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services and is based on the framework set out in the Local Government Act 2003 and associated regulations.

As directed by the Act, the Council has formally adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of the year to which it relates, this strategy sets out the parameters for the management of risks associated with financial instruments.

Full details of the Council's Treasury Management Strategy for 2019/20 can be found on the Council's website.

The strategy also includes an Annual Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

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 Investment 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 and Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made unless they meet the minimum requirements of the investment criteria outlined above, and detailed below.

Oldham 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 (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries

Institutions are split into colour bandings to determine the maximum level and duration of the investment.

The full Investment Strategy for 2019/20 was included within the Treasury Management Strategy that was approved by Council on 27 February 2019. The Treasury Management Strategy 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 internal ratings in accordance with parameters set by the Council.

The Council had a total of £103.120m deposited with a number of financial institutions at 31 March 2020. The Council's maximum exposure to credit risk in relation to this amount cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each 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 Councils short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2020 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

	Link Asset Services - Colour banding	Fitch - Rating	Moody's - Rating	Standard and Poors - Rating	Amount at 31 March 2020	Historical Experience of Default	Estimated maximum exposure to default and uncollectability at 31 March 2019
					£000	%	£000
Deposits with Banks and Financial Institutions							
Standard Chartered Bank	Red	F1	P-1	A-1	5,000	0.000%	0
Goldman Sachs	Red	F1	P-1	A-1	2,000	0.000%	0
Goldman Sachs	Red	F1	P-1	A-1	3,000	0.000%	0
Thurrock Council	Yellow	AA-	Aa2	A+	2,500	0.000%	-
Thurrock Council	Yellow	AA-	Aa2	A+	2,500	0.000%	-
Ashford Borough Council	Yellow	AA-	Aa2	A+	5,000	0.000%	-
Eastleigh Borough Council	Yellow	AA-	Aa2	A+	5,000	0.000%	-
Slough Borough Council	Yellow	AA-	Aa2	A+	3,000	0.000%	-
Standard Chartered Bank	Red	F1	P-1	A-1	5,000	0.005%	0
Surrey County Council	Yellow	AA-	Aa2	A+	5,000	0.000%	-
Thurrock Council	Yellow	AA-	Aa2	A+	2,500	0.000%	-
North Lincolnshire Council	Yellow	AA-	Aa2	A+	3,000	0.000%	-
Bank of Scotland 32 Notice Ac	Orange	F1	P-1	A-1	2,500	0.004%	0
Bank of Scotland 95 Notice Ac	Orange	F1	P-1	A-1	12,500	0.013%	2
Santander UK Plc 95 Notice Ac	Red	F1	P-1	A-1	7,500	0.013%	1
Aberdeen Standard MM Fund	Purple	AAA	Aaa	AAA	20,000	0.000%	0
Federated MM Fund	Purple	AAA	Aaa	AAA	17,120	0.000%	0
					103,120		3

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 are past their due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2019 £000	31 March 2020 £000
Less than 3 months	2,685	3,723
3 - 6 months	246	290
6 - 12 months	2,123	2,967
More than 12 months	3,709	4,924
	8,763	11,904

During the reporting period, the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures set out 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 Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowing 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 no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers is as follows:

	31 March 2019 £000	31 March 2020 £000
Less than 1 Year	69,902	103,122
Between 1 and 2 years	628	628
Between 2 and 3 years	-	-
More than 3 years	92,133	71,975
	162,663	175,725

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 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 profile of financial liabilities is as follows:

	31 March 2019 £000	31 March 2020 £000
Less than 1 year	38,724	40,925
1 - 2 years	-	241
2 - 5 years	6,841	6,600
5 - 10 years	7,500	7,500
More than 10 years	133,242	153,242
	186,307	208,508

The above analysis is based on the term of the borrowing and expected maturity date, within the more than ten years category includes principal of £39m of Lender Option Borrower Option loans (LOBO's) that could potentially be called by the lender during the next financial year.

The average maturity of LOBOs held within the more than ten years category is 47 years, these loans all have option dates within the next five years, however it is not anticipated that any of these will be called and require repayment based on the current low interest rate environment.

All trade and other payables are due to be paid in less than one year.

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 risk in terms of its exposure 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 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 liabilities 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 Other Comprehensive Income and Expenditure.

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 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 assessment strategy, at 31 March 2020, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

	2019/20 £000
Decrease in fair value of fixed rate investment assets	1,031
Impact on Other Comprehensive Income and Expenditure	1,031
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	2,085

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 or marketable bonds but does have shareholdings to the value of £50.095m in a number of joint ventures and in local companies. Whilst these holdings are generally illiquid, the Council is consequently exposed to losses arising from movements in the prices 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 £35.839m have been elected as Fair Value through Other Comprehensive, 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) may occur, which would have resulted in a £1.792m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2019/20. The Council holds investment units within the CCLA Property Fund that have been classified as Fair Value through Profit and Loss, however the Council has chosen to use the 5 year override as allowed by CIPFA to allocate to Fair Value through Other Comprehensive Income, therefore any gains or losses on prices will also be taken to the Financial Instrument Revelation Reserve.

In 2019/20 the Council's holding in Manchester Airport, was re-valued resulting in a loss of £22.5m that was recognised in the Financial Instruments Revaluation Reserve. This significant decrease in valuation in 2019/20 is mainly due to a downturn in the groups 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.

A loss of £0.743m was also recognised in 2019/20 in relation to the holding in the CCLA property fund.

Foreign Exchange Risk

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

21. Debtors

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

	31 March 2019 £000	31 March 2020 £000
Central Government Bodies	9,239	6,229
Other Local Authorities	4,231	1,971
NHS Bodies	3,195	2,588
Capital Debtors	4,172	2,704
Other entities and individuals	21,922	25,471
Payments in Advance	4,818	4,262
Total	47,577	43,225

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

	31 March 2019 £000	31 March 2020 £000
Mortgages	6	6
Loans to Trusts, Community Interest Groups & Third Sector Organisations	688	602
Other Capital Loans & Advances	20,813	21,900
Total	21,507	22,508

22. Cash and Cash Equivalents

	31 March 2019 £000	31 March 2020 £000
Cash held by the Authority	116	116
Bank Current Accounts	41,847	65,746
Bank Overdraft	(8,734)	(5,964)
Total	33,229	59,898

23. Creditors

The Council's creditors are as follows:

	31 March 2019 £000	31 March 2020 £000
Central Government Bodies	(4,006)	(4,600)
Other Local Authorities	(712)	(1,287)
NHS Bodies	(969)	(889)
Capital Creditors	(3,101)	(3,454)
Other entities and individuals	(34,537)	(37,650)
Accumulated Absences	(4,399)	(4,933)
Receipts in Advance	(4,768)	(15,643)
Total	(52,492)	(68,456)

24. Provisions

	Short Term		
	Insurance Provision	Other Provisions	Total
	£000	£000	£000
Balance at 31 March 2019	(3,191)	(10,145)	(13,335)
Additional provisions made in 2019/20	-	(948)	(948)
Amounts used in 2019/20	-	1,717	1,717
Balance at 31 March 2020	(3,191)	(9,376)	(12,567)

	Long Term			
	Insurance Provision	Pay and Reward Provision	Other Provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2019	(8,350)	(2,001)	(5,565)	(15,916)
Additional provisions made in 2019/20	-	-	-	-
Amounts used in 2019/20	-	-	116	116
Balance at 31 March 2020	(8,350)	(2,001)	(5,449)	(15,800)

The Insurance Provision covers all historic legal liability claims including personal accident risks to employees whilst carrying out their duties, public and all other liability claims, the losses arising from the inability of contractors to fulfil obligations, the fire fund (historic property claims under £0.100m) and all other past claims under the policy excess, which is £0.150m and not yet settled.

The Pay and Reward Provision has been set up to provide for the future increase in payroll costs resulting from the implementation of new pay and grading structures.

The Other Provisions represent amounts set aside to meet potential future liabilities; this includes a provision for Business Rates Appeals and Pension Auto Enrolment.

25. 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 the following contingent assets as at 31 March 2020.

1) Housing Stock Transfer

The Housing Stock Transfer has resulted in a number of contingent assets to the Council.

a) Right to Buy Sharing Agreement

As with other agreed housing stock transfers, the Council has entered into an agreement with First Choice Homes Oldham (FCHO) and the Council's Housing PFI partners relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants.

The Council will receive capital receipts at the end of each financial year for any properties sold within the year. The value of the receipt is calculated using a formula that takes the net income forgone by FCHO/Housing PFI from the total proceeds from the sale of dwellings for that year.

b) VAT Shelter Arrangements

In normal circumstances, FCHO is not able to reclaim VAT on improvement works to dwellings. The VAT Shelter is an arrangement, used in every housing stock transfer since 2002, with HMRC's agreement, whereby FCHO can reclaim VAT on future improvement works to the transferred housing stock. Of the £229.792m of improvement works to be undertaken, an estimated £45.958m of VAT would be recoverable by FCHO over the 15 years post transfer.

The Council agreed a 50/50 share of the VAT with FCHO, after FCHO has retained its first tranche of recoverable VAT; this is a sum of £14.900m. This first tranche of VAT was utilised by FCHO during the first 4 years post transfer. FCHO also retained a second tranche of VAT shelter savings, totalling £6.000m. This second tranche was used solely for asbestos works that exceed the amount estimated within the Stock Condition Survey of £7.200m, (net of inflation, fees and VAT). This arrangement was agreed to mitigate the Council's overall risk of a contingent liability through the asbestos warranty. If the total amount of the second tranche is not needed, the remaining balance will be shared under the 50/50 sharing agreement.

The estimated value of VAT shelter savings for the Council is circa £15.000m. The amount received in any given year by the Council will be dependent on the value of works undertaken by FCHO on which VAT can be reclaimed. The Council received VAT savings totalling £4.243m up to 31 March 2020 and will continue to receive payments up to the values given above. The VAT savings that are received by the Council will be treated as a capital receipt to support the Council's capital programme.

26. 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.

1) Stock Transfer Warranties

The Council agreed to a number of warranties under the stock transfer agreements with First Choice Homes (FCHO). This arrangement gives rise to a possible obligation of the Council, which will be confirmed upon the occurrence or non-occurrence of the invocation of the warranties. The only remaining significant warranty is the Asbestos indemnity.

2) Saddleworth School Site Indemnity

As part of the formal agreements for the development of a new Saddleworth School, the Council may be required to enter into an indemnity agreement with the Secretary of State (SoS) for Education. The indemnity relates to the Council compensating the SoS for any increases in the costs of the construction resulting from access issues for the contractor as a result of Highways works within the Council's control during the construction of the new school. It is currently uncertain whether any such issues will arise as part of the project or the extent of any additional costs should issues arise. As at the 31 March 2020 the Council still has a number of agreements to enter into including the purchase of the site and the agreement with the SoS. As a result, there is a possible obligation on the Council which will be confirmed on invocation of the indemnity.

27. PFI and Similar Contracts

Oldham Library and Lifelong Learning Centre

The financial year 2019/20 was the fifteenth of a 25 year PFI contract for the construction, maintenance and operation of Information Technology (IT) and Financial Management (FM) services of the Library and Lifelong Learning Centre in the town centre. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractor was obliged to construct the centres and to maintain them to a minimum acceptable condition, and to procure and maintain the plant and equipment needed to operate the facility. The building, and any plant and equipment installed, will transfer to the Council at the end of the contract for nil

consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

Housing PFI Schemes

Sheltered Housing

The financial year 2019/20 was the fourteenth of a 30 year PFI contract for the demolition and new build (or refurbishment of), and the provision of management and maintenance services to, sheltered and warden supported properties in the Housing Revenue Account (HRA).

The dwellings will transfer to the Council at the end of the contract for nil consideration.

Gateways to Oldham Housing

The financial year 2019/20 was the ninth of a 25 year PFI contract for the management of 627 HRA dwellings with Inspiral Oldham Limited (Inspiral). Inspiral is responsible for demolition, new build and refurbishment of the dwellings together with their management and maintenance. The contract also includes minor works to the external fabric of 151 leaseholder/owner occupied properties, for which the majority of associated costs will be met by the leaseholders/owner occupiers. The management of the dwellings within the HRA will transfer back to the Council at the end of the contract for nil consideration unless a separate contract is entered into either with Inspiral or an alternative contractor.

The Council has rights under both PFI housing contracts to specify arrangements around the demolition, new build and refurbishment of the dwelling together with the tenancy management services to be supplied. The contracts specify minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractors are obliged to demolish and rebuild/refurbish the dwellings and to maintain them to a minimum acceptable condition over the life of the contract.

The Council has rights to terminate the contracts in the event of non-performance but will be required to compensate the contractors, potentially including the repayment of any of the contractors' outstanding debt attributable to the contracts. There have been no changes to the arrangements during the financial year.

Chadderton Wellbeing Centre

The financial year 2019/20 was the eleventh of a 30 year LIFT Lease Plus Agreement to build and maintain the Chadderton Wellbeing Centre. The Centre incorporates a library, sports centre, café and community rooms. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractor was obliged to construct the centre and to maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The Council has the option to purchase the Wellbeing Centre for less than the asset's market value. The Council has judged itself reasonably certain to exercise the option, and the cost of the eventual purchase has been factored into the Minimum Lease Payments. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

Street Lighting PFI Scheme

The financial year 2019/20 was the ninth of a 25 year PFI joint contract, with Rochdale Council, for the replacement of approximately 23,000 street lights in Oldham in the first five years and the ongoing management and maintenance of the street lights over the life of the contract. The Council has rights under the contract to detail the specification of the street lights. The contract specifies minimum standards for the services to be supplied by the contractor, with deductions from the fee payable being made if performance is below the minimum standards. The contractor is obliged to replace and maintain the street lights over the life of the contract. The street lights will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractor's outstanding debt attributable to the contract.

Education Services PFI Schemes

Schools (Radclyffe and Failsworth)

The financial year 2019/20 was the thirteenth of a 25 year PFI contract for the construction and maintenance of two secondary schools, Radclyffe and Failsworth, along with the provision of Facilities Management and IT services over the life of the contract. The schools and any plant and equipment installed in them will transfer to the Council at the end of the contract for nil consideration.

Building Schools for the Future

The financial year 2019/20 was the eighth of a 25 year PFI contract for the construction and maintenance of a secondary school, The Blessed John Henry Newman RC Secondary School; along with provision of Facilities Management services, over the life of the contract.

The Council has rights, under both education services PFI contracts, to specify the opening times of the schools. The contracts specify minimum standards for the services to be provided by the contractors, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractors were obliged to construct the schools and to maintain them to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The Council only has rights to terminate the contract, if it compensates the contractors in full for costs incurred including the repayment of any of the contractors' outstanding debt attributable to the contract. The Council is currently in dialogue with the contractor to rectify building defects and other performance shortfalls issues.

Analysis of Payments due to be made under PFI and similar Contracts

The following table shows payments due to be made under PFI and similar Contracts. All the payments under PFI and similar Contracts are linked in full or in part to Retail Price Index inflation and can be reduced if the contractor fails to meet availability and performance standards in any given financial year but are otherwise fixed. Lifecycle replacement costs have been included in the Service Charges element detailed in the table below.

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
2020/21								
Repayment of Liability	498	2,981	2,320	130	793	2,453	1,041	10,216
Interest	966	6,816	3,981	832	1,756	3,007	2,753	20,111
Service Charges	1,783	5,614	2,444	264	1,866	3,051	1,496	16,518
Total	3,247	15,411	8,745	1,226	4,415	8,511	5,290	46,845
2021/22 to 2024/25								
Repayment of Liability	2,989	13,368	7,534	314	2,733	9,577	4,312	40,827
Interest	3,300	25,732	13,862	3,331	5,884	10,144	9,938	72,191
Service Charges	7,109	2,4501	14,553	1,573	9,603	15,235	7,430	80,004
Total	13,398	63,601	35,949	5,218	18,219	34,956	21,680	193,022
2025/26 to 2029/30								
Repayment of Liability	5,749	16,637	12,737	498	3,073	14,351	8,139	61,184
Interest	2,423	27,835	14,525	4,618	5,430	7,983	10,104	72,918
Service Charges	9,581	39,629	20,047	2,174	15,582	23,592	10,125	120,731
Total	17,753	84,101	47,309	7,290	24,085	45,926	28,368	254,832
2030/31 to 2034/35								
Repayment of Liability	1,194	29,744	21,573	1,046	8,803	10,778	10,134	83,272
Interest	456	22,238	11,563	5,395	5,235	1,584	5,655	52,126
Service Charges	1,423	37,537	17,132	1,807	11,590	14,866	14,162	98,517
Total	3,073	89,519	50,628	8,248	25,628	27,228	29,951	233,915
2036/2037 to 2039/40								
Repayment of Liability	-	11,887	9,472	6,119	3,095	-	6,673	37,246
Interest	-	4,837	2,705	5,225	820	-	1,046	14,633
Service Charges	-	11,270	5,318	2,051	2,788	-	7,400	28,827
Total	-	27,994	17,495	13,395	6,703	-	15,119	80,706
Repayments total	10,430	74,617	53,636	8,107	18,498	37,159	30,299	232,745
Interest total	7,145	87,458	46,636	19,401	19,124	22,718	29,496	231,978
Service Charges total	19,896	118,551	59,494	7,869	41,429	56,744	40,613	344,597
Grand total	37,471	280,626	159,766	35,377	79,051	116,621	100,408	809,320

Analysis of Liabilities as a result of PFI and Similar Contracts

The payments to the contractor are described as Unitary payments. They have been calculated to compensate the contractor for the fair value of the services the contractor provides, the capital expenditure incurred and the interest payable whilst the capital expenditure remains to be reimbursed. The liability to pay the contractors for capital expenditure incurred is as follows:

Scheme	Liability 31 March 2018 £000	Repayments £000	Liability 31 March 2019 £000	Repayments £000	Liability 31 March 2020 £000
Library and Lifelong Learning Centre	11,379	(467)	10,912	(481)	10,431
Sheltered Housing	79,880	(2,549)	77,331	(2,714)	74,617
Gateways to Oldham	57,907	(1,863)	56,044	(2,409)	53,635
Chadderton Wellbeing Centre	8,355	(106)	8,248	(141)	8,107
Street Lighting	20,211	(922)	19,290	(792)	18,498
Schools	41,281	(1,883)	39,398	(2,240)	37,158
Building Schools for the Future	32,159	(886)	31,273	(974)	30,299
Total	251,173	(8,676)	242,496	(9,751)	232,745

Assets as a result of PFI and Similar Contracts

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
Cost or Valuation								
As at 1 April 2018	15,762	40,227	21,291	10,996	24,457	71,116	34,230	218,079
Additions	-	83	-	-	-	-	-	83
Revaluations recognised in Revaluation Reserve	(677)	282	172	(311)	-	1,188	(436)	218
Revaluations recognised in (Surplus)/Deficit on the Provision of Services	-	10	-	-	-	-	-	10
Derecognition- disposals	-	-	(72)	-	-	-	-	(72)
As at 31 March 2019	15,085	40,602	21,391	10,685	24,457	72,304	33,794	218,318
Accumulated Depreciation and Impairment								
As at 1 April 2018	-	3,954	1,236	-	2,353	-	-	7,543
Depreciation Charge	777	2,818	1,368	565	616	4,075	1,341	11,560
Depreciation Written out to Revaluation Reserve	(777)	(3,893)	(1,232)	(565)	-	(4,075)	(1,341)	(11,883)
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	-	(61)	-	-	-	-	-	(61)
Derecognition -disposals	-	-	(4)	-	-	-	-	(4)
As at 31 March 2019	-	2,818	1,368	-	2,969	-	-	7,155
Net Book Value at 31 March 2018	15,762	36,273	20,056	10,996	22,103	71,116	34,230	210,536
Net Book Value at 31 March 2019	15,085	37,784	20,023	10,685	21,488	72,304	33,794	211,163

	Library and Lifelong Learning Centre £000	Sheltered Housing £000	Gateways to Oldham Housing £000	Chadderton Wellbeing Centre £000	Street Lighting £000	Schools £000	Building Schools for the Future £000	Total £000
Cost or Valuation								
As at 1 April 2019	15,085	40,602	21,391	10,685	24,457	72,304	33,794	218,318
Additions	-	33	-	-	-	-	-	33
Revaluations recognised in Revaluation Reserve	585	823	334	325	-	2,216	1,144	5,427
Revaluations recognised in (Surplus)/Deficit on the Provision of Services	-	7	-	-	-	-	-	7
Derecognition-disposals	-	(33)	(105)	-	-	-	-	(138)
As at 31 March 2020	15,670	41,432	21,620	11,010	24,457	74,520	34,938	223,647
Accumulated Depreciation & Impairment								
As at 1 April 2019	-	2,818	1,368	-	2,969	-	-	7,155
Depreciation Charge	809	3,179	1,552	616	616	4,916	1,428	13,116
Depreciation Written out to Revaluation Reserve	(809)	(2,791)	(1,361)	(616)	-	(4,916)	(1,428)	(11,921)
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	-	(27)	-	-	-	-	-	(27)
Derecognition -disposals	-	(1)	(7)	-	-	-	-	(8)
As at 31 March 2020	-	3,178	1,552	-	3,585	-	-	8,315
Net Book Value at 31 March 2019	15,085	37,784	20,023	10,685	21,488	72,304	33,794	211,163
Net Book Value at 31 March 2020	15,670	38,254	20,068	11,010	20,872	74,520	34,938	215,332

28. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. 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 £8.754m (£7.152m in 2018/19) to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 19.72% (15.47% in 2018/19) of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme. These costs are accounted for on a defined benefits basis and are detailed in Note 29.

29. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of the employment of its Officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) which is administered locally by Tameside Metropolitan Borough Council. This is a funded defined benefit final salary pension 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.

Transactions Relating to Post-employment 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:

	2018/19 £000	2019/20 £000
Service Cost		
Current service cost	(30,676)	(35,946)
Past service cost (including curtailments)	(353)	(4,698)
Total service cost	(31,029)	(40,644)
Financing and Investment Income and Expenditure		
Interest income on scheme assets	25,097	23,374
Interest cost on defined benefit obligation	(33,913)	(33,534)
Total net interest	(8,816)	(10,160)
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	(39,845)	(50,804)
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	44,032	(100,079)
Change in demographic assumptions	-	39,513
Actuarial losses arising from changes in financial assumptions	(101,707)	96,928
Other experience and actuarial adjustments	(8)	91,633
Total remeasurements recognised in other comprehensive income	(57,683)	127,995
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(97,528)	77,191
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	22,808	32,099
Employers' Contributions Payable to the Scheme	(17,837)	(18,705)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2018/19 £000	2019/20 £000
Fair value of plan assets	985,878	881,050
Present value of funded liabilities	(1,348,283)	(1,167,827)
Present value of unfunded liabilities	(44,514)	(38,094)
Net Liability Arising From Defined Benefit Obligation	(406,919)	(324,871)

Reconciliation of the Movements in Fair Value of Scheme Assets

	2018/19 £000	2019/20 £000
Opening fair value of scheme assets	944,049	985,878
Interest income	25,097	23,374
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	44,032	(100,079)
Contributions from employer into the scheme	3,189	4,857
Contributions from employees into the scheme	5,116	5,340
Benefits paid	(35,605)	(38,320)
Closing Fair Value of Scheme Assets	985,878	881,050

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund at 31 March.

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

	2018/19 £000	2019/20 £000
Opening fair value of scheme liabilities	1,256,629	1,392,797
Current service cost	30,676	35,946
Interest cost	33,913	33,534
Contributions from scheme participants	5,116	5,340
Remeasurement gain		
Actuarial (gains)/losses arising from changes in financial assumptions	101,707	(96,928)
Change to demographic assumptions	-	(39,513)
Other experience and actuarial adjustments	8	(91,633)
Past service cost	353	4,698
Benefits paid	(35,605)	(38,320)
Closing Fair Value of Scheme Liabilities	1,392,797	1,205,921

Pension Scheme Assets

	Period Ended 31 March 2019				Period Ended 31 March 2020			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Percentage Total of Asset
Equity Securities								
Consumer	54,454		54,454	6%	79,987		79,987	9%
Manufacturing	56,973		56,973	6%	67,672		67,672	8%
Energy and Utilities	55,402		55,402	6%	50,661		50,661	6%
Financial Institutions	78,023		78,023	8%	97,921		97,921	11%
Health and Care	29,112		29,112	3%	39,727		39,727	5%
Information Technology	17,601		17,601	2%	35,339		35,339	4%
Other	10,802		10,802	1%	18,381		18,381	2%
Debt Securities								
Corporate Bonds (investment grade)	36,876		36,876	4%	33,317		33,317	4%
UK Government	6,492		6,492	1%			-	0%
Other	25,005		25,005	3%	28,416		28,416	3%
Private Equity								
All		46,172	46,172	5%		45,487	45,487	5%
Real Estate								
UK Property		46,826	46,826	5%		37,124	37,124	4%
Investment Funds and Unit Trusts								
Equities	222,867		222,867	23%	88,405		88,405	10%
Bonds	122,634		122,634	12%	101,729		101,729	12%
Infrastructure		47,265	47,265	5%		42,744	42,744	5%
Other	19,212	85,038	104,250	11%	22,094	78,071	100,165	11%
Derivatives								
Other	500		500	0%			-	0%
Cash and Cash Equivalents								
All	24,625		24,625	2%	13,975		13,975	2%
Totals	760,578	225,301	985,878	100%	677,625	203,425	881,050	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:

	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	22.0
women	26.2	25.0
Rate of inflation	2.50%	2.80%
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 is based on possible changes to the assumptions occurring at the end of the reporting period. For each assumption change all 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 cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2016/17.

Change in Assumptions at 31 March 2020	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	9%	112,183
0.5% increase in the salary increase rate	1%	10,157
0.5% increase in the pension increase rate	8%	101,114

Impact on the Council'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 for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

In April 2017 the Council made an upfront payment of £41.544m to the Greater Manchester Pension Fund (GMPF) for the Council's employer contributions relating to the full triennial period 2017/18 to 2019/20.

The upfront payment allowed the Council to generate corporate savings as result of a lower employer contribution rate than would have otherwise been calculated. This reduced employer contribution rate was achievable based on the fact that upfront funds received by the GMPF were immediately being used to generate investment returns. For the 3-year period 2020/21 – 2022/23, the Council has again agreed with the Greater Manchester Pension Fund (GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment.

30. Cash Flows from Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	2018/19 £000	2019/20 £000
Depreciation	34,990	35,998
Impairment and downward valuations	9,149	3,622
Amortisation	1,332	1,557
Increase/(decrease) in creditors	152	15,480
(Increase)/decrease in debtors	(5,583)	1,473
(Increase)/decrease in inventories	(86)	53
Movement in pension liability	36,656	45,947
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	28,809	26,162
Other non-cash items charged to the net surplus or deficit on the provision of services	(4,914)	(201)
	100,505	130,091
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	29,500	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,590)	(9,829)
Any other items for which the cash effects are investing or financing cash flows	(29,644)	(20,119)
	(6,734)	(29,948)
The cash flows for operating activities include the following items:		
Interest received	2,717	1,878
Interest paid	(28,192)	(27,710)
Dividends received	6,282	7,332
	(19,193)	(18,500)

31. Cash Flows from Investing Activities

	2018/19 £000	2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	(24,171)	(30,686)
Purchase of short-term and long-term investments	(50,085)	(66,870)
Other payments for investing activities	(11,382)	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6,067	9,829
Proceeds from short-term and long-term investments	-	56,500
Other receipts from investing activities	30,332	21,392
Net cash flows from investing activities	(49,239)	(9,835)

32. Cash Flows from Financing Activities

	2018/19 £000	2019/20 £000
Cash receipts of short- and long-term borrowing	-	20,000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(8,950)	(10,108)
Repayments of short- and long-term borrowing	(1,012)	(1,058)
Other payments for financing activities	526	469
Net cash flows from financing activities	(9,436)	9,303

32a. Reconciliation of Liabilities Arising from Financing Activities

	1 April 2019 £000	Financing cash flows £000	Additions £000	Other non-cash changes £000	31 March 2020 £000
Long-term borrowings	148,373	20,000	-	(9)	168,364
Short-term borrowings	1,666	(4)	-	54	1,716
Lease Liabilities	726	(357)	419	-	788
Transferred Debt	3,386	(1,054)	-	-	2,332
On balance sheet PFI Liabilities	242,498	(9,751)	-	-	232,747
Amounts included as part of (debtor)/creditor balances:					
Amounts owed to/from Collection Fund preceptors	(840)	469	-	-	(371)
Total	395,809	9,303	419	45	405,576

	1 April 2018 £000	Financing cash flows £000	Additions £000	Other non-cash changes £000	31 March 2019 £000
Long-term borrowings	148,381	-	-	(8)	148,373
Short-term borrowings	1,668	(6)	-	4	1,666
Lease Liabilities	551	(275)	450	-	726
Transferred Debt	4,392	(1,006)	-	-	3,386
On balance sheet PFI Liabilities	251,173	(8,675)	-	-	242,498
Total Liabilities from financing activities	406,166	(9,962)	450	(4)	396,650

33. Accounting Policies

1.1 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 Authority 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.

Unless otherwise stated the convention used in this document is to round to amounts to the nearest thousand pounds. All totals are the rounded totals of unrounded figures and, therefore, may not be the strict sums of the figures presented in the text or tables. Throughout the Statements all credit balances are shown with parentheses e.g. (£1,234).

1.2 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 £10,000 de minimis limit for the recognition of Capital Expenditure.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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 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 and 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 40 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

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and/or whose life is significantly different to the life of the host (main) asset, the components are depreciated separately.

Components are recognised in the financial year where:

- there has been a revaluation of assets;
- there has been an acquisition of assets within the financial year; and
- enhancement expenditure has been incurred within the financial year.

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.

1.3 Heritage Assets

The Council's Heritage Assets are held by the Council principally for their contribution to knowledge and/or culture. They are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's accounting policies on Property Plant and Equipment. 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.

1.4 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.

1.5 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI

schemes, and as ownership of the Property, Plant and Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- The value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for each scheme so that the Balance Sheet liability is zero at the end of each contract.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement. Capital lifecycle costs are debited to Property Plant and Equipment to reflect the enhancement of the PFI Asset.

1.6 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 Trust
- 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.

1.7 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.

1.8 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 required 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.

1.9 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, 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 or 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 1.23 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.

The Council has made an irrevocable election to designate one of its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The asset was transferred to the new asset category on 1 April 2018. The asset is initially measured and carried at fair value. The value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation.

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.

The same accounting treatment was adopted in the prior year when the asset was classified as Available for Sale, except that accumulated gains and losses on the available for sale asset were previously held in an Available-for-Sale Financial Instruments Reserve at 31 March 2018. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

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.

Instruments Entered Into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the

extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

1.10 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 mean that liabilities 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 Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers'

Pension Scheme in the year. The Community Health & Adult Social Care Portfolio line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

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 is 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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 Authority, 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.

1.18 Overheads and Support Services

The costs of overheads and support services are charged to the relevant services in accordance with the Authority's arrangements for accountability and financial performance, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.

- Non Distributed Costs – changes in past service costs and impairment losses chargeable on Assets Held for Sale.

Corporate and Democratic Core is identified as a separate heading in the Comprehensive Income and Expenditure Statement. Non Distributed Costs form part of the Capital, Treasury and Technical Accounting Portfolio line with the Council's local reporting format.

1.19 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.

1.20 Interests in Companies and Other Entities

The Council has material interests in external entities that are classified as subsidiaries and therefore group accounts have been prepared. In the Council's single-entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

1.21 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.

1.22 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.

1.23 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 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.

34. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 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 is yet to be adopted by the 2019/20 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2020/21 code are:

- Amendments to IAS 28 Investment in Associates and Joint Ventures: Long term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

35. 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. Critical estimation uncertainties are described in Note 36.

Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the 3-year period 2017/18 – 2019/20, the Council agreed with the Greater Manchester Pension Fund

(GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) could be paid as a single up-front payment. Subsequently, on 13 April 2017 the Council paid £41.544m based on an estimated pensionable payroll of £72.000m per annum in order to make a budget saving. In line with the Council's accounting policies, in 2017/18 the amounts relating to 2018/19 and 2019/20 were offset against the pension liability on the balance sheet. These amounts were then reflected in the pension reserve in the years to which they related.

As 2019/20 was the final year of the up-front payment period, all amounts have now been reflected in the pension reserve which is aligned to the pension liability. For further details see note 29 Defined Benefit Pension Schemes.

For the 3-year period 2020/21 – 2022/23, the Council has again agreed with the Greater Manchester Pension Fund (GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment. The payment and associated transactions will be accounted for in the same way as the 2017/18 – 2019/20 payment. The payment was made in April 2020.

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 Authority 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 are shown below:

Type of School	No. of Primary Schools	No. of Secondary Schools	No. of Special Schools	Total
Community	25	1	1	27
Voluntary Controlled (VC)	5	-	-	5
Voluntary Aided (VA)	28	1	-	29
Foundation/Foundation Trust	4	1	-	5
Maintained Schools	62	3	1	66
Academies	24	10	5	39
Total	86	13	6	105

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

The Council has entered into Private Finance Initiative (PFI) agreements to build and operate three schools in the Borough. One is a VA school, one is a Foundation Trust school and the

remaining school is an Academy. Whilst the land which the buildings are sited on has been transferred to the respective Diocese, Trust and Academy, the ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Council considers the buildings associated with these schools should be included on its Balance Sheet because:

- The reversion clause within the PFI agreement results in the Council having a residual interest in the buildings at the end of the agreement
- The services provided and the use of the building is controlled by the Council through the PFI agreement
- The PFI agreement is between the PFI contractor and the Council

Legal ownership of VC school land and buildings usually rests with a charity, normally a religious body. Four VC schools are owned by the Diocese which have granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet. The remaining VC school land and building are owned by the Council and included on the Balance Sheet.

Legal ownership of the VA school land and buildings rests with the relevant Diocese. The Diocese has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. There are five Foundation schools in the Borough. For one school, the Governing Body has legal ownership of the land and buildings and thus these are included on the Council's Balance Sheet. For the remaining Foundation Trust school, a separate Trust owns the land and buildings so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. The land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

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 identified two subsidiaries who are considered to be material and will be consolidated into its group accounts. They are

MioCare Group Community Interest Company (CIC) and the Unity Partnership Limited. Further details can be found in the group accounts in section 5.

Investment Properties

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

Airport Investment

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

36. Assumptions Made About the Future and Other Sources of Estimation Uncertainty

Debt Impairment

At 31 March 2020, the Council had a balance of short-term debtors of £83.664m. A review of significant balances suggested that an impairment of doubtful debts of £40.439m was appropriate. However, in the current climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Long Term Assets – Manchester Airport Holdings Limited (MAHL)

The Council'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 Council 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 Council sell its shareholding the value held in these statements may not be realised.

As at 31 March 2020 the Council's valuers advised a decrease of £22.500m in the fair value of the shares held by Oldham Council 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.

During 2019/20 the Council's actuaries advised that the net pension liability had decreased by £64.669m to £342.250m.

The effect of changes in the individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £112.183m. A 0.5% increase in the assumed salary increase rate would result in a £10.157m increase in the pension liability and an increase of 0.5% in the assumed pension increase rate would increase the pension liability by £101.114m.

PFI and Similar Arrangements

PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing the leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition, the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.

Property, Plant and Equipment – (Funding Implications)

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances.

37. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 21 July 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.

The Code requires for non-adjusting events after the Balance Sheet date should be disclosed. These are:

Manchester Airport Holdings Limited

The Council has a 3.22% minority stake in Manchester Airport Holdings Limited (MAHL). As a result of Covid-19, due to the world-wide lock down there has been much reduced passenger traffic through the group's airports since late March and uncertainty in the aviation industry will continue for the foreseeable future. In order to ensure MAHL's financial sustainability, the Council along with MAHL's other shareholders has agreed to provide financial support.

In March 2020, the Council made an equity investment of in Manchester Airport Holding Ltd (MAHL), (along with the other nine Greater Manchester District Councils) for the Airport's new Drop and Go Car Park Project. The Council's investment of £1.870m in March 2020 is to assist in funding the capital build of a car park in return for the issue of class C ordinary shares in MAHL. It should be noted that as a result of the C share equity investment there will be no change to the existing share capital or shareholdings of MAHL other than the creation of the new C shares. Two further investments were made in April 2020, each of the same amount (totalling £5.610m).

38. Leases

The Council as Lessor - Operating Leases

The Council leases out property under operating leases, to include but not limited to, the following purposes:

- for the provision of community services, such as tourism services and community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2018/19 £000	2019/20 £000
No later than 1 year	1,931	1,489
Later than 1 year and not later than 5 years	7,679	6,870
Later than 5 years	43,917	44,982
Total	53,527	53,341

4.0 Supplementary Financial Statements and Explanatory Notes

4.1 Housing Revenue Account (HRA)

Housing Revenue Account Income and Expenditure Statement

HRA Income and Expenditure Statement	2018/19 £000	2019/20 £000
Expenditure		
Repairs and Maintenance	3,273	3,152
Supervision and Management	4,184	4,013
Rent, rates, taxes and other charges	3,040	3,035
Depreciation, impairment and revaluation losses of non-current assets	3,961	4,785
Debt management costs	145	145
Movement for the allowance of bad debts	71	4
Total Expenditure	14,674	15,134
Income		
Dwellings rents	(8,290)	(8,506)
Non-dwelling rents	(36)	(112)
Charges for services and facilities	(1,016)	(1,039)
Contributions towards expenditure	(138)	(413)
PFI Credits receivable	(18,799)	(18,799)
Total Income	(28,279)	(28,869)
Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement	(13,605)	(13,734)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
Gain on sale of HRA non-current assets	(159)	(209)
Interest payable and similar charges	11,339	11,114
HRA Interest and investment income	(263)	(419)
Surplus for the year on HRA Services	(2,688)	(3,249)

Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	2018/19 £000	2019/20 £000
Opening Balance	(20,162)	(21,305)
Surplus for the year on the HRA Income and Expenditure Statement	(2,688)	(3,249)
Adjustments between accounting basis and funding basis under statute	1,545	2,758
Increase in the HRA Balance	(1,142)	(491)
Closing Balance	(21,305)	(21,796)

Note to Movement on the HRA Statement	2018/19 £000	2019/20 £000
Analysis of adjustments between accounting basis and funding basis under statute		
Depreciation, impairment and revaluation losses of non-current assets	(3,970)	(4,797)
Voluntary MRP	4,413	5,123
Gain or loss on sale of HRA fixed assets	168	221
Capital Expenditure funded by the HRA	851	2,134
Transfer to Major Repairs Reserve	83	77
Net Adjustment	1,545	2,758

The HRA Income and Expenditure 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.

Note on the preparation of the Housing Revenue Account

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2019/20 for the production of its 2019/20 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from the guidance this is discussed below.

From 2017/18 the transitional arrangements which allowed for the reversal of the depreciation charge from the Housing Revenue Account (HRA) came to an end. The new Item 8 Determination issued by the Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) on 24 January 2017 confirmed that depreciation should be charged to the HRA in accordance with proper accounting practices. Therefore from 2017/18 a charge equal to depreciation should be made to the HRA and passed to the Major Repairs Reserve (MRR) for the purpose of future repairs and maintenance.

However, as all Council HRA dwellings are covered by Private Finance Initiative (PFI) contracts (until 2036), any future repairs and maintenance are already included within the unitary charge the Council pays on PFI schemes. The Council will therefore have no need to build up the MRR and the HRA would, in effect, be charged twice for repairs and maintenance of dwellings. If the Council began to charge the HRA with depreciation (without reversal) the HRA would quickly fall into deficit and build up a significant MRR that would not be required.

During 2019/20, the Ministry of Housing, Communities and Local Government (MHCLG) has confirmed that depreciation need not be charged to the HRA in respect of Oldham's PFI housing stock. Therefore, the Council will continue with the accounting treatment previously permitted under the transitional arrangements and has reversed the depreciation charge from the HRA to the Capital Adjustment Account.

The financial impact of the accounting treatment prescribed by CIPFA is shown in the table below.

	Current 2019/20 Balance £000	Adjustment for the Item 8 Determination £000	Adjusted 2019/20 Balance £000
Housing Revenue Account	(21,796)	4,731	(17,065)
Major Repairs Reserve	(726)	(4,731)	(5,457)

The HRA financial statements present a true and fair view of the Council's HRA financial position, financial performance and cash flows, the Council have complied with the CIPFA Code of Practice in all areas except that which is described above.

Explanatory Notes to the Housing Revenue Accounts

H1. Housing Stock – Numbers

At 31 March 2020, the Council had a total housing stock of 2,079 dwellings. This was made up of 1,225 Houses and Bungalows, and 854 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

	31 March 2019 £000	31 March 2020 £000
Dwellings	70,825	73,591
Other Operational Property	3,794	1,538
Plant and Machinery	911	862
Total	75,530	75,991

The Vacant Possession Dwellings valuation is £172.152m as at 31 March 2020. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA shows the cost of providing council housing at less than open market rents.

H2. Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below.

Depreciation	Operational Assets £000
Balance at 1 April 2019	4,335
Depreciation written off during the year	(4,227)
Depreciation during the year	4,814
Balance at 31 March 2020	4,922

Impairment	Operational Assets £000
Balance at 1 April 2019	(1,523)
Impairment written off during the year	2
Impairment Reclassified as Revaluation Loss	-
Impairment during the year	(74)
Balance at 31 March 2020	(1,595)

The HRA assets are subject to an annual revaluation programme, as a result any impairments are written off against the revised revaluation and reflected in the gross value.

4.2 Collection Fund

Collection Fund Statement

2018/19 Total £000		2019/20 Council Tax £000	2019/20 Business Rates £000	2019/20 Total £000	Note
	Income				
(104,355)	Council Tax Payers	(111,196)		(111,196)	C2 C3
(59,798)	Income from Business Ratepayers		(57,460)	(57,460)	
(164,153)		(111,196)	(57,460)	(168,656)	
	Expenditure				
	Precepts:				
87,216	- Oldham Council	92,367		92,367	
9,703	- GMCA Mayoral Police and Crime Commissioner	11,242		11,242	
3,783	- GMCA Mayoral General Precept (including Fire Services)	4,363		4,363	
	Release of Council Tax Surplus:				
-	- Oldham Council	2,209		2,209	
-	- GMCA Mayoral Police and Crime Commissioner	246		246	
-	- GMCA Mayoral General Precept (including Fire Services)	96		96	
	Business Rates:				
53,018	- Payments to Oldham Council		53,708	53,708	
536	- GMCA Mayoral General Precept (including Fire Services)		543	543	
	Distribution of Estimated Business Rates Surplus:				
-	- Payments from Oldham Council		60	60	
-	- GMCA Mayoral General Precept (including Fire)		1	1	
303	Cost of Collection	-	300	300	
1,871	Transitional Protection Payments Due for the Year	-	958	958	
1,845	Change in Allowance for Impairment	3,015	822	3,837	
2,060	Write-offs charged to Collection Fund	356	72	428	
305	Change in provision for alteration of lists and appeals	-	(850)	(850)	
160,640		113,894	55,614	169,508	
(3,513)	Deficit/(Surplus) for the year	2,698	(1,846)	852	
	Collection Fund Balance				
(634)	Balance brought forward at 1 April	(2,883)	(1,264)	(4,147)	
(3,513)	Deficit/(Surplus) for the year	2,698	(1,846)	852	
(4,147)	Balance carried forward at 31 March	(185)	(3,110)	(3,295)	
	Allocated to:				
(3,689)	- Oldham Council	(160)	(3,079)	(3,239)	
(322)	- GMCA Mayoral Police and Crime Commissioner	(19)	-	(19)	
(136)	- GMCA Mayoral General Precept (including Fire)	(6)	(31)	(37)	
(4,147)		(185)	(3,110)	(3,295)	

Explanatory Notes to the Collection Fund

C1. General

The Council is required to maintain a separate agency Collection Fund account. The Collection Fund account includes all transactions relating to collection of Business Rates and Council Tax income from taxpayers and their distribution to Local Government bodies. The Collection Fund is accounted for separately from the General Fund.

Any Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Oldham, the Council Tax precepting body is the Greater Manchester Combined Authority (GMCA) for both the Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services).

Business rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. From 1 April 2017 onwards, the Council has taken part in the Greater Manchester 100% business rates retention pilot, therefore for 2019/20 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

C2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2019/20 was 56,693 (55,666 in 2018/19). The increase between financial years evidences the success of the local policy to regenerate the borough by the continued growth of new builds within the local tax base.

The tax base for 2019/20 was approved at the Cabinet meeting on 17 December 2018 and was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	121	5/9	67
A	43,628	6/9	29,085
B	15,481	7/9	12,041
C	14,725	8/9	13,089
D	6,407	9/9	6,407
E	3,079	11/9	3,764
F	1,443	13/9	2,084
G	822	15/9	1,370
H	56	18/9	112
Net effect of premiums and discounts			(9,572)
Tax Base before adjustment for collection rate			58,446
Estimated collection rate			97.00%
Tax Base for the Calculation of Council Tax			56,693

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in Band A properties. Income received from Council Tax payers in 2019/20 was £111.196m (£104.355m 2018/19).

C3. Business Rates

The Council collects Business Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

For 2019/20, the total non-domestic rateable value at 31 March 2020 is £156.765m (£157.670m in 2018/19). The national multipliers for 2019/20 were 49.1p for qualifying Small Businesses, and the standard multiplier being 50.4p for all other businesses (48.0p and 49.3p respectively in 2018/19). The total income collected from business ratepayers was £57.460m.

5.0 Group Accounts

Introduction

The Council is a complex organisation and undertakes a broad ranges of activities, often in conjunction with external organisations. In some cases, the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

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

As subsidiary entities, Miocare Group CIC (Miocare) and the Unity Partnership Limited (Unity) have been consolidated on a line by line basis with all intra-group transactions and balances removed.

5.1 Group Comprehensive Income and Expenditure Statement

2018/19 Restated				2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
5,053	(1,606)	3,447	Chief Executive	5,800	(1,892)	3,908
15,178	(5,556)	9,622	Commissioning	27,762	(5,976)	21,786
70,803	(24,100)	46,703	People and Place	65,852	(24,321)	41,531
261,877	(191,756)	70,121	Children's Services	271,233	(184,765)	86,468
99,440	(35,816)	63,624	Community Health and Adult Social Care	105,667	(35,135)	70,532
46,285	(8,549)	37,736	Communities and Reform	44,819	(8,589)	36,230
61,891	(64,497)	(2,606)	Capital Treasury and Technical Accounting	63,131	(57,791)	5,340
6,677	-	6,677	Corporate and Democratic Core	6,960	-	6,960
14,626	(28,279)	(13,653)	Housing Revenue Account	15,038	(28,869)	(13,831)
581,830	(360,159)	221,671	Cost of Services	606,262	(347,337)	258,924
		264	Other Operating Expenditure			278
		8	Parish Council precepts			-
		33,045	Payments to Housing capital receipts to government pool			33,988
		224	Levies			(936)
		33,541	(Gains)/losses on the disposal of non-current assets			33,330
		53,019	Total Other Operating Expenditure			44,307
	(256,122)		Financing and Investment Income and Expenditure			(260,186)
			Taxation and Non-Specific Grant Income			
		52,109	(Surplus) or Deficit on Provision of Services			76,375
		125	Tax expense of Subsidiaries			-
		52,234	Group (Surplus)/Deficit			76,375
		(20,971)	Other Comprehensive Income and Expenditure			(39,392)
		202	Revaluation (gains)/losses non-current assets			64
		(1,241)	Impairment losses on non-current assets			
		59,799	Surplus or deficit on revaluation of available for sale financial assets			22,287
		37,788	Remeasurement of net defined benefit liability			(139,381)
		90,023	Total Other Comprehensive Income and Expenditure			(156,422)
			Total Comprehensive Income and Expenditure			(80,047)

5.2 Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other reserves. The 'Surplus or Deficit on the Provision of Services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwelling rent setting purposes.

Movement in reserves during 2019/20	General fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Group reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	(14,840)	(93,559)	(108,399)	(21,305)	-	(649)	(42,989)	(173,342)	78,375	(94,967)	14,092	(80,875)
Total Comprehensive Income and Expenditure	45,566	-	45,566	(3,249)	-	-	-	42,317	(145,036)	(102,719)	22,672	(80,047)
Adjustments Between Accounting Basis and Funding Basis under regulations	(70,767)	-	(70,767)	2,758	-	(77)	21,971	(46,115)	46,115	-	-	-
Adjustments Between Group Accounts and Authority Accounts	30,625	-	30,625					30,625	-	30,625	(30,625)	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	5,424	-	5,424	(491)	-	(77)	21,971	26,827	(98,921)	(72,094)	(7,953)	(80,047)
Transfers To/(From) Earmarked Reserves	(5,694)	5,694	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year	(270)	5,694	5,424	(491)	-	(77)	21,971	26,827	(98,921)	(72,094)	(7,953)	(80,047)
Balance at 31 March 2020	(15,110)	(87,865)	(102,975)	(21,796)	-	(726)	(21,018)	(146,515)	(20,546)	(167,061)	6,139	(160,922)

Movement in reserves during 2018/19	General fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Group reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	(13,991)	(92,005)	(105,996)	(20,162)	(8,747)	(566)	(38,867)	(174,338)	(618)	(174,956)	1,561	(173,395)
Total Comprehensive Income and Expenditure	22,375	-	22,375	(2,688)	-	-	-	19,688	35,674	55,361	34,662	90,023
Adjustments Between Group Accounts and Authority Accounts	24,630		24,630					24,630	-	24,630	(22,293)	2,337
Adjustments Between Accounting Basis and Funding Basis under regulations	(49,408)	-	(49,408)	1,545	8,747	(83)	(4,122)	(43,321)	43,321	-	-	-
Net (Increase)/Decrease before transfers to Earmarked Reserves	(2,403)	-	(2,403)	(1,143)	8,747	(83)	(4,122)	996	78,995	79,991	12,369	92,360
Transfers To/(From) Earmarked Reserves	1,554	(1,554)	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year	(849)	(1,554)	(2,403)	(1,143)	8,747	(83)	(4,122)	996	78,995	79,991	12,369	92,360
Balance at 31 March 2019	(14,840)	(93,559)	(108,399)	(21,305)	-	(649)	(42,989)	(173,342)	78,376	(94,966)	13,930	(81,035)

5.3 Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its two subsidiaries as a whole. It shows the value of group assets and liabilities at the end of the financial year.

31 March 2019 £000		31 March 2020 £000
727,699	Property Plant and Equipment	734,489
19,939	Heritage Assets	19,770
17,945	Investment Property	20,078
3,784	Intangible Assets	4,059
69,753	Long Term Investments	48,595
21,507	Long Term Debtors	22,508
860,628	Long Term Assets	849,499
32,235	Short Term Investments	40,775
674	Inventories	621
49,965	Short Term Debtors	46,955
35,291	Cash and Cash Equivalents	61,709
5,604	Assets Held For Sale (Less than one year)	310
123,769	Current Assets	151,370
(1,666)	Short Term Borrowing	(1,716)
(53,721)	Short Term Creditors	(71,236)
(13,335)	Short Term Provisions	(12,567)
	Short Term Liabilities	
(9,751)	- Private Finance Initiatives	(10,216)
(219)	- Finance Leases	(314)
(1,054)	- Transferred Debt	(1,108)
(79,746)	Current Liabilities	(97,157)
(15,916)	Long Term Provisions	(15,800)
(148,373)	Long Term Borrowing	(168,364)
	Other Long Term Liabilities	
(422,768)	- Pension Liabilities	(332,545)
(232,747)	- Private Finance Initiatives	(222,531)
(507)	- Finance Leases	(474)
(2,332)	- Transferred Debt	(1,224)
(17)	- Deferred Credits	(17)
(1,116)	Capital Grants Receipts In Advance	(835)
(823,776)	Long Term Liabilities	(741,790)
80,875	Net Assets	160,922
(159,250)	Usable Reserves	(140,376,)
78,375	Unusable Reserves	(20,546)
(80,875)	Total Reserves	(160,922)

5.4 Group Cash Flow Statement

	2018/19 £000	2019/20 £000
Net surplus or (deficit) on the provision of services	(52,234)	(76,045)
Adjustment to surplus or deficit on the provision of services for non-cash movements	100,626	132,943
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(6,734)	(29,948)
Net cash flows from operating activities	41,658	26,950
Net Cash flows from Investing Activities	(44,033)	(9,835)
Net Cash flows from Financing Activities	(9,436)	9,303
Net increase or (decrease) in cash and cash equivalents	(11,811)	26,418
Cash and cash equivalents at the beginning of the reporting period	47,102	35,291
Cash and cash equivalents at the end of the reporting period	35,291	61,709

5.5 Explanatory Notes to the Group Accounts

Where figures in the group accounts differ materially from the Council's single entity 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.

G1. Group Accounting Policies

The Accounting Policies of the Council's subsidiary companies have been aligned with the Council's Accounting Policies contained in Note 33. Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to the subsidiary companies.

Inclusion within the Group Accounts

The Council has business relationships with a number of entities over which it has varying degrees of control or influence. These are classified into the categories of subsidiaries, associates and joint ventures. The meaning of these terms are outlined below:

Subsidiary - "A subsidiary is an entity including an unincorporated entity such as a partnership that is controlled by another entity (the Council), known as the parent." Miocare Group CIC and the Unity Partnership Ltd are classified as subsidiaries of Oldham Council and have therefore been consolidated. More detail regarding each of these organisations can be found in note G3.

Associate - "An associate is an entity over which an investor (the Council) has significant influence."

Joint Venture - "A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"

The Council does not currently have any material associate or joint venture arrangements with any other entities.

A number of entities have not been included in the group accounts on the grounds of materiality, details of the Council's relationship with each of them can be found in note G2.

Consolidation of Subsidiaries

As subsidiary entities, Miocare Group CIC (Miocare) and the Unity Partnership Limited (Unity) have been consolidated on a line by line basis with all intra-group transactions and balances removed.

As Miocare do not have the same reporting date as the Council, draft year-end accounts to 31 December 2019 have been obtained and used for consolidation. To ensure these accounts are materially correct as at 31 March 2020 the Council has assessed whether there have been any material transactions between the subsidiary balance sheet date and the Councils. If any such transactions are deemed to have occurred the subsidiary financial statements will be adjusted to reflect the changes before consolidation. The Council has obtained an updated valuation of Miocare's pension liability as at 31 March 2020. This has been used for consolidation.

Miocare provide essential adult social care services for the Council. The Council therefore work closely with Miocare management to ensure the entity continues to operate as a going concern. The Council also guarantees the pension liability of the Miocare Group.

G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

Entity	Reason
Oldham Economic Development Association Limited	Subsidiary although not material.
Southlink Developments Limited	Subsidiary although not material.
Meridian Development Company Limited	Minority interest and group share not material.
Foxdenton LLP	Joint venture although not material.
Oldham Property LLP	Joint venture although not material.

Further details can be found in Note 12. Related Parties.

G3. Bodies Consolidated

The Council has consolidated two of its Subsidiaries into its Group Accounts, these are MioCare Group Community Interest Company (MioCare) and The Unity Partnership Ltd (Unity).

Miocare is a care and support provider and is fully owned by Oldham Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS) and MioCare Services Ltd. Unity delivers property, highways, transactional services, information and communication technology, and business services for the Council and other external bodies.

The draft accounts for the year to 31 December 2019 for MioCare have been summarised below, with comparator figures for the previous reporting period.

Miocare Group CIC	Year ended 31 December 2018 £000	Year ended 31 December 2019 £000
Net Assets	(1,007)	(3,947)
Deficit - before tax	(1,130)	(1,692)
Deficit - after tax	(947)	(1,694)

The Unity Partnership Ltd delivers property, highways, transactional services, information and communication technology, and business services. It is an ambitious and socially aware organisation which aims to support physical regeneration, create sustainable jobs, introduce effective technology, and provide exemplary services to all clients. The Company is committed to becoming the leading property, highways and business services provider in the North West, providing regeneration services across education, housing, leisure, transportation and public building sectors. The results below are from the subsidiary's single entity accounts and do not contain accounting transactions related to the pension liability. The Council has consolidated the liability in its group accounts in order to present users of the accounts with a complete picture of the group position.

The Unity Partnership Ltd	As at 31 March 2019 £000	As at 31 March 2020 £000
Net Assets	(2,573)	(2,455)
Surplus/(Deficit) - before tax	(18)	257
Surplus (Deficit) - after tax	(29)	257

G4. Group Defined Benefit Pension Schemes

Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Note 28 and Note 29.

	2018/19 £000	2019/20 £000
Service Cost		
Current service cost	(34,701)	(40,582)
Past service cost (including curtailments)	(326)	(5,227)
Total service cost	(35,027)	(45,809)
Financing and Investment Income and Expenditure		
Interest income on scheme assets	28,022	26,660
Interest cost on defined benefit obligation	(37,167)	(37,258)
Total net interest	(9,145)	(10,598)
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	(44,172)	(56,407)
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	44,402	(112,861)
Change in demographic assumptions	-	43,277
Actuarial gains/(losses) arising from changes in financial assumptions	(104,193)	102,651
Other	(8)	106,314
Total remeasurements recognised in other comprehensive income	(59,799)	139,381
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(103,971)	82,974
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	22,676	35,310
Employers' Contributions Payable to the Scheme	(21,469)	(21,097)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2018/19 £000	2019/20 £000
Fair value of plan assets	1,101,651	988,648
Present value of funded liabilities	(1,479,905)	(1,283,099)
Present value of unfunded liabilities	(44,514)	(38,094)
Net Liability Arising From Defined Benefit Obligation	(422,768)	(332,545)

Reconciliation of the Movements in Fair Value of Scheme Assets

	2018/19 £000	2019/20 £000
Opening fair value of scheme assets	1,055,271	1,101,651
Interest income	28,022	26,660
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	44,402	(112,861)
Contributions from employer	5,279	7,249
Contributions from employees into the scheme	5,744	6,074
Benefits paid	(37,067)	(40,125)
Closing Fair Value of Scheme Assets	1,101,651	988,648

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

	2018/19 £000	2019/20 £000
Opening fair value of scheme liabilities	1,379,293	1,524,419
Current service cost	34,701	40,582
Interest cost	37,167	37,258
Contributions from scheme participants	5,744	6,074
Remeasurement gain		
Actuarial losses arising from changes in financial assumptions	104,193	(102,651)
Change to demographic assumptions	-	(43,277)
Other	8	(106,314)
Past service cost	380	5,227
Benefits paid	(37,067)	(40,125)
Closing Fair Value of Scheme Liabilities	1,524,419	1,321,193

Pension Scheme Assets

	31 March 2019	31 March 2020
Equities	649,472	597,823
Debt Instruments	209,282	179,149
Property	207,602	188,641
Cash	34,795	23,036
Derivatives	500	-
Total	1,101,651	988,648

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 Council (for the Council's liability and on behalf of the Unity Partnership Ltd) and Miocare have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2020 for Miocare, The Unity Partnership Ltd and Oldham Council.

The significant assumptions used by the actuary have been:

Miocare Services CIC	31 December 2018	31 March 2020
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	22.0
women	26.2	25.0
Rate of increase in salaries	3.20%	3.00%
Rate of increase in pensions (CPI)	2.40%	2.20%
Rate for discounting scheme liabilities	2.90%	2.00%

The Unity Partnership Ltd	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	22.0
women	26.2	25.0
Rate of increase in salaries	3.30%	3.30%
Rate of increase in pensions (CPI)	2.50%	2.50%
Rate for discounting scheme liabilities	2.40%	2.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period and assumes for each assumption change all 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 cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2018/19.

Miocare Group CIC Change in Assumptions at 31 December 2019	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	12%	5,307
0.5% increase in the salary increase rate	2%	832
0.5% increase in the pension increase rate	10%	4,409

The Unity Partnership Change in Assumptions at 31 March 2020	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	10%	7,297
0.5% increase in the salary increase rate	1%	930
0.5% increase in the pension increase rate	9%	6,286

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 29, along with an associated sensitivity analysis.

G4. Group External Audit Fees

The Council and The Unity Partnership has incurred the following costs in relation to the audit of the Statement of Accounts and Annual Report and Financial Statements of The Unity Partnership by the External Auditors, which for 2019/20 is Mazars LLP.

	2018/19 £000	2019/20 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for the Council.	105	104
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for the Unity Partnership.	-	25
Other Services	1	-
Total	106	129

Scope of Responsibility

The Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

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

The Authority has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance which was refreshed during 2019/20 is publicised on the Council's website. The Annual Governance Statement sets out how the Authority has complied with the Code and also meets with the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations (England and Wales) 2015. The Coronavirus amendment revised the deadlines applicable to Local Authorities as follows:

- Approval of Draft Accounts 31 August 2020 (previously 31 May)
- Public Inspection Period to start on or before first working day of September 2020 (previously included first 10 working days of June)
- Publish Final Audited Accounts 30 November 2020 (previously 31 July)

The Authority meets the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 in relation to the publication of a statement on internal control. It is subject to detailed review by the Audit Committee when they consider the final Statements of Account but before they approve the Statement of Accounts.

The Authority's financial management arrangements are consistent with a number of the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The key principles for which there is compliance are that the Chief Financial Officer (Director of Finance):

- is actively involved and is able to bring influence on the Authority's financial strategy;
- leads the whole Authority in the delivery of good financial management;
- directs a fit for purpose finance function; and
- is professionally qualified and suitably experienced.

In addition, the Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others.

The Director of Finance (the Chief Finance Officer and designated Section 151 officer) is a member of and attends the meetings of the Senior Management Team which integrates the

Executive Management Team (EMT) and all Directors via a single management meeting. All Statutory Officers have access to the Chief Executive and one to one (1:1) sessions as required. The Council considers that its management arrangements are appropriate in the context of compliance with the CIPFA Statement.

The issues identified as significant governance issues and the progress made by management throughout the future financial year 2020/21 to address these issues, will be reported regularly to the Audit Committee together with an assessment made in reducing the risk as part of its Governance role within the Council.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, values and behaviours, by which the Authority activities are directed and controlled, which it accounts to, engages with, and leads the community, citizens and service users. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. It also enables the Authority to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically (i.e. so they deliver value for money – efficiently, effectively and economically).

The governance framework which has been in place at the Authority for the year ended 31 March 2020 has seen regular reports submitted to the Audit Committee on the progress made on issues identified in the previous Annual Governance Statement and identified any issues for consideration in this Statement. A further report which would have been presented to the cancelled Audit Committee in March was produced. This has now been supplemented with an assessment of the impact of the COVID 19 pandemic. This is evidence of the issues highlighted in this Annual Governance Statement.

The Governance Framework

The Authority is a Metropolitan District which was set up in 1974 combining 7 Urban Districts, which provided services. Its strategic vision and Co-operative objectives including self-sustainability are set out in the Corporate Plan. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

The key message and values are:

Communicating the Authority's Vision

The Vision is set out in both the Oldham Plan and the Corporate Plan which are aligned to establish a clear link between; Local, Central Government and Greater Manchester priorities, including the devolution of health. It establishes the Council's priorities developed in partnership with key partners, the local community and core business of the Council. The Council endorsed this approach in July 2017. It is a collective action statement covering the period 2017/2022 and sets out the areas will add the most value as a partnership to achieve the ambition for Oldham to be a productive and co-operative place with healthy, aspirational and sustainable communities.

The Oldham Plan is based around the Oldham Model – three change platforms that are enabled and complemented by public service reform and empowering communities. These are:

Inclusive Economy

The vision is for Oldham to become Greater Manchester's Inclusive Economy capital by making significant progress in living standards, wages and skills for everyone.

Thriving Communities

The vision is for people and communities to have the power to be healthy, happy and able to make positive choices and both offer and access insightful and responsive support when required.

Co-operative Services

The vision is to collaborate, integrate and innovate to improve outcomes for residents and create the most effective and seamless services in Greater Manchester.

Co-operative Council in a Co-operative Borough

Oldham has been a Co-operative Council since 2011 and the Council continues its commitment to delivering a co-operative future where everybody does their bit and everyone benefits. This is achieved by a real commitment to change and working closely with residents, partners and our wider communities to create a confident and ambitious borough.

The Corporate Plan sets out how everyone can do their bit to support service delivery of the ambitions and outcomes:

#our bit is what Oldham Council is doing or contributing to improve something.

#your bit is how local people, businesses and partners are helping to make change happen.

The **#result** is how we are all benefiting from working together.

The ethos of the Co-operative Council sets the framework for key Council strategies.

Like many other Local Authorities, Oldham Council has had to make significant budget reductions since the start of the Government's austerity programme. Arising from Government announcements and the Emergency Budget, introduced after the May 2010 General Election, up to and including the 2019/20 budget, £195m of budget reductions have been introduced. Further savings of £3.011m were agreed at the 2020/21 Budget Council meeting and there is a significant savings target over the financial years (2020/21 to 2024/25) covered by the current Medium-Term Financial Strategy (MTFS).

It is clear that we cannot continue to deliver what we have always delivered, and a response to the financial challenge was required. The response chosen was to become a Co-operative Council, because it is believed that:

1. a co-operative approach offers the best opportunity to do things radically differently;
2. it offers a sustainable solution to the unprecedented challenges we face; and
3. it offers the best opportunity to make the most of the assets/strengths that lie in its communities.

This means that, whilst we continue to provide its statutory services and duties, we will continue to work more closely with all partners and stakeholders in Oldham to ensure that the services we deliver continue to; provide value for money, meet the specific needs of Oldham's communities, remove duplication and ensure we use our combined skills, resources and influence to improve the circumstances of every member of the Oldham community.

The ways in which the Council is doing this include:

- Developing and implementing an Ethical Framework and a Social Value Procurement Framework.
- Procuring the Social Value Portal to implement the Themes, Outcomes and Measures framework on future capital developments.
- Paying the living wage to ensure that all staff are paid appropriately.
- Giving employees up to three days paid time away from their duties to volunteer locally.

COVID-19 Pandemic

During March 2020 it became apparent that the United Kingdom was facing a public health challenge due to the up and coming COVID 19 pandemic. Due to its role both as a provider of key public services and as a partner to health, Oldham Council instigated its service continuity measures to provide its essential services. There was extensive planning from early March 2020 and from 24 March 2020 services were delivered in accordance with the national lockdown. This included the enactment of emergency decision-making powers.

Key elements of the Governance Framework

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

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

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

against conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. In order to enable third party challenge to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner. The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions.

Members take the lead in establishing this culture by completing an annual register of their interests which is published on the Council's website. There is also a Standards Committee in place to consider allegations of inappropriate behaviour, which meets when required to discuss appropriate matters. Any matters for investigation are assigned to an independent investigator and supported by reports, which are considered by the Committee. Staff behaviour is covered by the Officers' Code of Conduct, which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service. These declarations are maintained in an E-Register by the Director of Legal Services to the Council as Monitoring Officer.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. This operated until 23 March 2020 when in accordance with Government Instruction, the Council went into lockdown instigating home working and not holding public meetings. At this point the emergency powers in the Constitution delegating decision making to the Council Leader and the Chief Executive were enacted. Given the sensitivity of planning matters no emergency decisions in this area have been made on these matters

In order to encourage the community to engage in more co-operative activities, Members in their role as Community Champions often, either individually or in partnership with the District Elected Lead Member, network with key community groups and individuals to deliver local priorities. In order to demonstrate their achievements, each Councillor is encouraged to produce an annual report which is then published on the Council's website.

The Council's has a clear set of values and behaviours which are shared borough-wide with residents, partners and businesses. Internally these values and behaviours have been converted into five co-operative behaviours which outline the priority focus for staff at all levels. Living these values and behaviours has enabled real change to be delivered so that the Council can meet its vision of building a co-operative borough.

Staff are assisted in this aspect by the Corporate Personal Performance Framework which requires employees to demonstrate how performance supports the delivery of the corporate values of the Authority. The employer supported volunteering (ESV) programme helps Council employees to volunteer with organisations in Oldham. From using existing skills to taking on a new challenge, the scheme gives staff the time and support to volunteer to do their bit.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage.

The policy ensures value for money and social value outputs are measured in an integrated way, in order to support the Council's co-operative agenda. In this way, the Council ensures it secures the greatest social, economic and environmental benefit from the Council's purchasing power.

Member and Officer Relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Cooperative Council and will be vital in making a reality of both service changes and more self-sufficiency from citizens. In July 2018 the “Big Green Survey” – Oldham’s biggest ever environmental survey of residents – gave people a say on key green issues such as wildlife, parks, food growing, clean energy and air quality. Cabinet also approved a strategy to work towards becoming a single-use plastic free borough promoting the use of non-plastic recyclable alternatives.

The Authority has also demonstrated its support of sustainability by appropriate self-financing capital investment in renewable energy. In previous financial years it has supported the creation of an independent community interest company which is now operating in a sustained and independent manner, administered the warm homes project to alleviate fuel poverty and installed solar panels on the Tommyfield Market. In 2018/19 approval was given to develop a new eco-centre at Alexandra Park with construction now planned in 2020/21 following detailed design in 2019/20.

In 2019/20 the Council at its meeting on 11 September 2020 agreed to declare a Carbon Emergency and set itself the challenging target of being Carbon Neutral by 2030. The new five-year Oldham Green New Deal Strategy, approved in July 2019, which set two targets for carbon neutrality – for the Council as an organisation by 2025 and for the borough as a whole by 2030. The Oldham Green New Deal Strategy will focus on meeting these targets through a programme of capital investment in the green economy in Oldham, which will include physical assets such as solar power and low carbon heat infrastructure; innovative approaches to energy generation and consumption for the Council and strategic partners through the creation of a Local Energy Market and building the Green Technology and Services business sector in the borough to ‘green’ the wider economy.

In addition, the Council supported specific green projects with the work undertaken in the previous financial year on a feasibility study agreed to develop the concept of Northern Roots, a vision of an eco-friendly sustainable development, consistent with continuing the green aspirations of the Council.

The Chief Executive of Oldham Council is the Head of Paid Service and is supported by the Executive Management Team (EMT) and Senior Management Team (SMT). During the financial year 2019/20, the Council’s Chief Executive continued to undertake the role of Accountable Officer for the Clinical Commissioning Group in the Locality aligned to better integrating both organisations. As part of this integration with effect from 22 May 2019, the role of the Chief Operating Officer of the Clinical Commissioning Group was revised to also have responsibility as the Councils Strategic Director of Commissioning. The Executive Management structure continues to be subject to regular review as the integration with the NHS develops in Oldham.

Cabinet portfolios are assigned on a functional basis rather than by directorate and subject to appropriate officer support. Shadow Cabinet Members also meet with support officers on a regular basis to ensure appropriate political scrutiny. As part of the budget process, opposition parties have the facility to prepare alternative proposals. For both 2019/20 and 2020/21 budgets, alternative proposals were presented and subject to Scrutiny before consideration at full Council.

The Director of Finance is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit Services are provided in-house, supported by

a partnership with Salford Council for Computer Audit. The Internal Audit team achieved compliance with Public Sector Internal Audit Standards as evidenced by the Independent External Review of the service, undertaken in 2017/18. The Head of Corporate Governance (Oldham Council) has direct access to all members of EMT, SMT as well as all Members and has utilised this discretion when appropriate. CIPFA's guidance on the Role of the Head of Internal Audit was issued in early April 2019 and a compliance review identifying the Council followed best practice was reported to the Audit Committee on 25 June 2019.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures, within the Constitution, which comply with Good Practice. A substantial update of The Finance Procedure Rules was agreed by full Council at its meeting on 8 January 2020. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation.

The Director of Legal Services is the Monitoring Officer and is responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility. The Constitution contains codes of conduct and protocols for Members and Officers.

In order to have appropriate scrutiny of the Authority the Audit Committee has the capacity to appoint three Independent Members and recruitment of an Independent Chair was not successful despite three separate adverts. A further exercise will be undertaken in 2020/21. The Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework. The Standards Committee utilise independent investigators from outside the organisation to supplement in-house resources where appropriate to investigate any serious allegations into Member misconduct.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Authority at the Council meeting in July 2017 agreed its long-term Corporate Plan which sets out the Authority's Co-operative vision and values, assimilating them in to its strategic objectives. This links the objectives through to outcomes, identifying the service areas responsible and performance indicators. The Authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services. The operation of the Oldham Leadership Board recognises that the Council is a body that champions Oldham. A long-term specific initiative to demonstrate co-operative working with the community to improve their sustainability has been Get Oldham Growing – an initiative which aims to encourage communities in Oldham to be more active and engaged in food growing, to improve health and develop opportunities for new social businesses in the local food economy.

The Council Leader, on an annual basis presents, to full Council, the forthcoming priorities of the administration. This is used to influence and shape the policies and strategies produced by the Authority. The Council meeting is streamed live giving every citizen of the borough the chance to review and challenge these priorities.

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

Progress on delivering the Corporate Plan is communicated through a performance management framework. The Overview and Scrutiny Performance and Value for Money Select Committee (PVFM) receives quarterly reports on both performance against the Corporate Plan and budget monitoring in addition to matters referred to it by Cabinet. These quarterly reports focus by exception and set out corrective measures where key performance indicators or the agreed budget have not been met.

The Overview and Scrutiny Board receives reports on specific matters and policy initiatives to be considered by future Cabinets, whilst overall scrutiny is provided by both the Audit & Standards Committees.

During the financial year 2019/20 the Council strengthened its Scrutiny arrangements by creating a Health Scrutiny Committee.

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

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Scheme of delegation reports;
- Information on payments over £500; and
- Health and Safety Action Plan.

The Council operates a system of a District Lead Elected Member supported by a system whereby individual ward members have a specific budget to spend on local priorities. This is supported by a Local Improvement Fund to support District priorities.

All reports taken as “closed reports” benefit from Monitoring/ Deputy Monitoring Officer and Director of Finance sign off and appropriate advice before the matter receives due consideration including training where appropriate.

Those Members of the Authority undertaking the role as a District Lead Member receive regular training to support them discharge the role and bring challenge to Officers. This training programme is overseen by the Organisational Development Team.

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

Increasing recycling remained a key priority for the Authority in 2019/20. There were planned changes to the collection regime which began in 2016/17, which were underpinned and supported by a Communication and Engagement Plan with targeted investment. This has led to the increased recycling in earlier financial years providing a base for improvement from 2018/19. In recognition of the need for continual improvement a specific report was submitted to PVFM

Select Committee in 2019/20 to assess the practicality of further increasing recycling. During March 2020 it was apparent that COVID 19 impacted on the planned collection system and a temporary amendment to the system was agreed.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepare appropriate press releases to support the Co-operative vision of the Council. A user friendly and well-designed Oldham Council website ensures all citizens are aware of the co-operative vision, strategies, policies and initiatives available. This was redesigned in the 2019/20 financial year and ensures the communication medium with the Council and its residents remains up to-date.

To enable the public to highlight concerns in an appropriate manner the Authority and selected key contractors of high-profile services have complaints procedures which enables issues to be linked into future contract performance.

The Authority has spent its resources within the overall agreed budget for the financial year 2019/20. The pandemic linked into COVID 19 did not result in additional expenditure for the financial year 2019/20 causing an overspend. In response to the COVID-19 pandemic, Central Government has provided several grants including a COVID-19 un-ringfenced grants totalling £14.172m (£7.416m of which was received on 27 March 2020 and has been carried forward into 2020/21 via an earmarked reserve) to meet urgent and unforeseen costs and financial pressures impacting on the Council and the Oldham economy. The Council also received a grant of £11.233m at the end of March to support cash flow. This was a cash advance of Government funding anticipated in 2020/21

Further additional funding of £54.783m was made available to the Council (in 2020/21) via the Department for Business, Energy and Industrial Strategy, to provide grant support to local businesses. The Council will act as an Agent in administering the grants scheme to those in receipt of Small Rates Business Relief or the Retail, Leisure and Hospitality Grant funding.

Consideration and approval by the Authority of its future budget for 2019/20 took place at its 27 February 2019 full Council meeting. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% increase to be implemented to finance expenditure in this area and a 1.99% Council Tax increase for other services.

The Council's Four-Year Efficiency Plan, prepared to give certainty over the level of Central Government funding from 2016/17 to 2019/20, effectively planned for year on year reductions to budgets. This was initially agreed by Cabinet on 5 September 2016 and is now complete. This underpinned the Medium-Term Financial Strategy of the Council to support the budget process until the end of the Financial Year. It supported the financial resilience of the Authority enabling it to support unforeseen events and pressures by maintaining an appropriate level of reserves and balances to support on-going resilience and future development of efficiencies. The reserves are managed by reference to the approved Reserves Policy which is regularly reviewed by the Audit Committee. The level of balances is informed by the budget process.

The availability of reserves facilitated during the 2020/21 budget process one off financial support to enable the long-term efficient transformation of both the Council and the Locality with a planned implementation in a managed manner. It supported the continued improved planned pooling of resources with health service partners to deliver future efficiencies.

With the pandemic occurring during March 2020 it the availability of these Reserves provide short term financial resilience to continue service provision and the emergency response

required to the COVID 19 pandemic when it is likely central government support to the Council will be cash limited.

The overall financial strategy pre the COVID 19 pandemic enabled Council Tax rises to be set at a level, which balance the needs of the Council with affordability to residents. It has also enabled the Council to manage successfully continued pressures of demand around Children's Social Care within the 2019/20 Budget. The pressure within Children's Services for the financial year was within the Education, Skills and Early Years especially with regard to home to school transport and children with special educational needs and disabilities. One area where there was significant pressure was Adult Social Care which showed a significant overspend linked into both increased demand and the complexity of care required by clients.

Appropriate consultation was considered in the production and design of the detailed Authority Strategies which aim to deliver appropriate co-operative solutions to benefit both present and future generations. The Get Oldham Working Initiative embedded in the Council had helped to create year on year work-related opportunities for our citizens. This led to the development of the Oldham Work and Skills Strategy which has 4 strategic goals to support the Council's co-operative vision. Already it is clear that this type of support will have to adapt because of the pandemic due to a significant number of Oldham residents losing their jobs due to the restrictions applied nationally.

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

The Corporate Plan supported by individual Service Business Plans, the work of the GMCA and the Oldham Locality Plan set out the immediate and long-term vision of the Council. The 2019/20 budget delivered within the agreed resource allocation supported this strategy.

The 2020/21 budget was set pre pandemic. The resources available to the Council reflected the pre-COVID operating environment and were deployed to continue to improve performance and reflect the agreed Co-operative Council in a Co-operative Borough priorities of the Authority. These principles and aspirations of the Council have not changed but are likely to require review as the full impact both service and financial of responding to this emergency becomes clear.

Risk management is integral to the governance arrangements in the Authority and the key risks are considered by the Audit Committee and EMT. During the financial year 2019/20 an opportunity was taken to update and refresh the Risk Management Framework. This revised approach was becoming embedded in the Council pre pandemic. Regular updates on Corporate Governance are reported to the Audit Committee. There are also informal meetings with the Head of Paid Service and the key Statutory Finance Officer to determine if any matters need highlighting to the Audit Committee. The risks are managed by the risk holders that are predominantly members of EMT.

The Authority's risk management framework consists of:

- a risk management policy statement;
- an Authority Risk Register and specific Risk Registers on key initiatives;
- ensuring that risk management is integral to the planning process and linked to key Authority and Contract objectives within business plans;

- regular updates of the Annual Governance Statement produced for the Audit Committee;
- allocated responsibilities;
- systems for mitigating and controlling risks; and
- systems for monitoring and reviewing risks and controls assurance.

Controls Assurance is an important part of the process to assure the Authority that the identified risks are being properly controlled. This is carried out at periodic intervals by:

- the Audit Committee;
- the Standards Committee;
- the Deputy Chief Executive, the Strategic Director of Communities and Reform, the Strategic Director of Commissioning/Chief Operating Officer Oldham CCG and Directors;
- Directors of Finance and Legal Services;
- Statutory Officers for Children's Services, Education, Adults Social Services and Public Health Services;
- Internal/External Audit; and
- Appropriate Scrutiny arrangements to hold the Cabinet to account.

In 2019/20 the key reports produced by the Authority to support key decisions included appropriate risk comments.

The Constitution defines and documents the roles and responsibilities of Officers and Members with clear delegation arrangements, protocols for decision making and codes of conduct for Members and staff. It is supported by an extended Members' training package which was again delivered following the positive feedback from Members. Towards the end of March due to the pandemic it was necessary to instigate emergency delegation as per the constitution to support decisions required to respond to the pandemic.

Member and Officer Relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Co-operative Borough and will be vital in making service changes to turn its 'Co-operative' vision into a reality, with its citizens more able to self-serve.

All changes to Service are supported by an Equality Impact Assessment. This results in alternative access arrangements being made where necessary, with information provided in multiple formats including on the website. This reflects the diverse nature of the Districts who make-up the Authority. This is demonstrated in the Council budget meeting with high risk budget proposals being supported by an Equality Impact Assessment. It is also demonstrated in standard reports produced to support key decisions.

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

The management structure continued to be realigned during 2019/20 to take account of both the Co-operative Vision, continual challenging financial targets of the Authority, the integration

of health and social care services and specific service challenges. This has meant a shift in certain areas of management responsibility during the year.

Decisions pre and post pandemic are based on rigorous and transparent scrutiny and an excellent relationship between Officers and Members based on mutual trust. That trust is maintained by openness and appropriate arrangements which ensure the involvement of all relevant Parties at the right level of responsibility ensuring all strategic decisions are led by Members.

The implementation of the agreed policies at officer level is overseen by EMT. This is supported by the Senior Management Team, Joint Leadership Team (which has senior Council and NHS officer membership) and Directorate Management Teams.

In order to achieve the long-term financial targets, the Authority at its February 2020 meeting set a budget for the financial year 2020/21 supported by an appropriate assessment of risk by the Director of Finance. All the expected risks pre the pandemic to the Authority as at 26 February 2020 were considered in the budget report. The future savings required by the Council with the planned achievement from future transformation were also presented.

The financial resilience was supported by an agreed Reserves Policy which pre pandemic was subject to regular review underpinning the long-term financial resilience of the Council and supporting the vision of a Co-operative Council in a Co-operative Borough.

The Authority agreed an efficiency plan during 2016/17 with Central Government. The budget with associated savings has been based upon this. The efficiency plan gave certainty of the main Government grant funding streams for the period now ended. It highlighted a need to continue to identify efficiency savings after the plan ended.

With 2019/20 as the last year of this agreement with Government and the Government announcing a one-year settlement for 2020/21, a key issue for the Council is the uncertainty about funding for 2021/22, and beyond. Whilst the Government has yet to give any clear indication of the quantum of funding or the allocation methodology, budget projections may therefore be subject to considerable variation. It is not certain given the national pandemic and the emerging split from the European Union whether this certainty will arise during 2020/21. The reserves and balances available to the Council are therefore important in the context of managing a period of potential financial turbulence.

Building on the existing Income Strategy, Commercial Property Investment Strategy and Corporate Property Strategy which were approved prior to 31 March 2019, the Income Strategy was refreshed and a Commercial Property Investment Strategy was approved on 16 December 2019. These are key to ensuring that the Council makes the most efficient and effective use of its property assets and can deliver approved budget reductions.

A Transformation Programme was in progress pre pandemic under the joint working arrangements with Health, which planned to generate more effective service delivery and future efficiencies. The future workload of this programme will be influenced by the impact of the pandemic during 2020/21.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny which has been enhanced by the virtual meetings now taking place. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System. No recorded decisions for the financial year 2019/20 were required due to the pandemic.

The Audit Committee is an essential part of good governance. It reviewed the control environment for all the Council during 2019/20 and considered the progress made on issues highlighted in the Annual Governance Statement, including specific reports on certain issues. Internal and External Audit both have direct access to and support the Committee including the ability to have direct contact, without Officers of the Authority being present. To support the Committee specific training was provided in the financial year 2019/20.

The detailed matters reviewed by the Audit Committee during 2019/20 were:

- Treasury Management matters including Council borrowing including investment and loans;
- Earmarked Reserves;
- future Internal and External Audit Work;
- the findings of both External and Internal Audit on control matters, including payroll;
- The proposed Risk Management Framework
- the 2018/19 Statement and Accounts and associated external audit findings;
- Selected matters where the governance procedures of the Council had not fully been followed; and
- the Audit Charter

The Council, in order to discharge its statutory function in relation to overseeing all health matters in the Borough, operates a dedicated Scrutiny Committee which met throughout the year. Partnership working in the Borough with the Council, Health Services and key partners is supported by the Health and Wellbeing Board which met on a number of occasions during 2019/20. This Board has an objective to improve the public health in the area and to oversee integration of health and local authority service provision under the Locality Plan which is produced under the Greater Manchester plans for devolution. In order to improve Scrutiny a specific Committee to review health was created during 2019/20.

The Standards Committee reviews Members' conduct following the receipt of complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council. During 2019/20 it was not necessary for this Committee to meet.

All Directors prepare Divisional Plans that contain key actions and performance targets necessary to deliver the co-operative objectives of the Council.

Independent service reviews are carried out under the performance management frameworks which results in formal quarterly reports to both the Cabinet and PVFM. Where performance is perceived to be below the corporate standards, specific reports are made to PVFM or in the case of Educational attainment at schools, a special session is arranged to discuss issues including Academies. In addition, PVFM reviewed the regular budget monitoring reports and received a presentation from Children's Services about the plans to ensure expenditure was in line with the agreed budget.

Educational attainment in the Borough is acknowledged as a particular priority and the Oldham Education and Skills Commission has been set up with a vision to create a "Self-improving education system where schools, colleges and all interested parties work together in a new

collaborative partnership". The aim is to improve results in this area for the longer term, so children and young people will be School Ready, Work Ready and Life Ready.

Additional resources were agreed within the 2018/19 budget as funded growth to implement associated improvements identified by the 2017/18 Ofsted and Care Quality Commission Inspection of Special Education Needs and Disabilities service provision. The Council also launched Voice of the Child to improve the way we listen to and act upon the voice of all children and young people to better design future services.

Scrutiny of budget matters including those of the administration and opposition were, again, during 2019/20 carried out by Overview and Scrutiny Performance and Value for Money Select Committee. This ensures openness and transparency in the way in which Officers/Members engage and have ownership in the budget challenge process. The medium term financial strategy reflects the long-term view of the resources available to the Authority in the context of the best estimate of Government grants supported by the revenue it can generate itself. In order to improve its long-term financial sustainability, the Authority agreed once again for 2019/20, (and subsequently in 2020/21) to continue to be part of the Greater Manchester Business Rates Retention pilot scheme. Taking part in this pilot has enabled the ten Greater Manchester Authorities to test and shape the new financing regime for Local Government which will be based on the retention of business rates, whilst at the same time benefitting from funding gains offered to pilot Authorities. This is in addition to the benefits arising from business rates pooling which has been in operation for a number of financial years.

The Contract Procedure Rules within the Constitution alongside the Co-operative Values and Behaviours set out in the updated Corporate Plan set out the Authority requirements on social value.

Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it.

To support the achievement of its strategic priorities, the Authority reviews the organisation annually to ensure it has the right people with the right skills. The Authority has an agreed People Strategy recognising that staff are the Council’s greatest asset. This is supported within a performance framework covering all officers including an appraisal system with targeted, relevant training. The Human Resources Policy and Procedures are set out the appointment process which is transparent, and available to staff via the Council’s intranet site. There are targeted programmes often utilising E-Learning within Organisational Development to support these policies such as ensuring appropriate consideration is given to the future capacity of the organisation. These training courses are aligned to the co-operative ambition and underpinned by the Council’s co-operative values and behaviours.

There are regular team meetings, and one to ones (1:1s). The Authority implements the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Foundation Living Wage for its entire staff and is seeking to also achieve that through its contractual arrangements. It has a further ambition over a three-year period to implement the principles of the Living Wage Foundation in line with its Co-Operative Values. A potential from the COVID 19 pandemic is that the Authority will have to undertake a review about adopting the Union Charter to support Adult Social Care.

A full training programme for both established and recently elected Members (the Local Leaders’ Programme) continued to be delivered in 2019/20 to support the vision of a Co-

operative Council. The content of the programme changes but the emphasis remains on all Members demonstrating community leadership. The planned programme is supported by ad hoc training for Members who have specific committee responsibilities. Individual Members produce information published on the website which outlines their role in the Authority and achievements.

The Authority, to ensure an independent review of its systems, operates an Internal Audit Service complying with best practice as set out by Public Sector Internal Audit Standards. The findings are reported to the Audit Committee which includes an annual opinion on the internal control environment. The overall opinion for 2019/20 is adequate, indicating a well-managed Council. The biggest risk identified from this work is detailed in the issues below. Given the degree of future change within the Authority the Internal Audit Service has also been commissioned to undertake assurance on key system changes around the financial ledger and adult social care.

Delegated decisions for all matters are publicly available on the internet. Certain key partners who provide essential Council Services are subject to independent oversight by the Overview and Scrutiny Performance and Value for Money Select Committee.

To support decision making the Authority works with its Partners to maintain accurate and timely data to ensure decisions are based on a comprehensive understanding of financial costs and performance. Monthly data reported through the agreed partnership monitoring process is used to assess performance against the Cooperative objectives.

The Constitution is reviewed on an annual basis and key upgrades were done in 2019/20 including a comprehensive review of the Finance Procedure Rules.

Arrangements and processes are in place to safeguard Members and employees against conflicts of interest. An annual reminder to complete declarations of interest is sent to all Members and followed up as needed. A gift/hospitality register and complaints procedures are also in place and are actively used. Appropriate matters identified are investigated with regard to due Council Process

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

The Council's Risk Management Framework which was refreshed during 2019/20 has been set out under Principle C. This ensures there is continuous monitoring and reporting of risk.

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

All statutory Officers receive the training and support to carry out their duties effectively and, as appropriate, participate in continuous professional development.

The Cabinet meets on a monthly basis at set times to consider key matters including those on performance and risk. Matters are published in the Key Decision Document to enable the public to be aware of future decisions. All reports include reference to the corporate objectives of the Council. In the event of an urgent item requiring a decision not published in the Key Decision

Document, the agreement of the Chair of the Overview and Scrutiny Board must be obtained to exempt the decision from agreed scrutiny protocols.

In addition to the quarterly performance reports, there are quarterly financial reports submitted to Cabinet detailing estimated out-turn against the approved budget. A further report is prepared at month 8 to support the budget process for the forthcoming year. The 2019/20 month 9 budget monitoring report highlighted that the Council out-turn would be in line with the agreed budget, although the out-turn on Adult Social Care was higher than projected. As presented in the Statement of Accounts, the revenue underspend was £0.270m which will be credited to the General Fund Balance which will support the financial resilience of the Council.

During 2019/20, the use of reserves in accordance with the agreed Reserves Policy and careful financial management, has ensured that in year an overall underspend against the overall budget was achieved which will be used to increase balances and support the financial resilience of the Council. Overall there has been a small reduction in earmarked reserves under the direct control of the Council and the level remains appropriate to support the present budget strategy pre the pandemic.

The annual budget is supported by the Director of Finance commenting upon its deliverability and is supported by an appropriate reserves policy. The final accounts, of which this Statement is an integral part, outline the out-turn of the Authority and are prepared in accordance with professional standards and are subject to external audit review.

In order to demonstrate robust internal control, the Authority has:

- a Risk Management Framework linked into the Authority Structure;
- an appropriate suite of Anti-Fraud and Corruption Policies;
- a balanced budget supported by appropriate reserves; and
- Audit and Standards Committees, which are supported by independent Members.

The Council undertook a survey of all its staff in 2016/17 to assess their views on the management of the organisation. The findings have been considered in the production of service plans and priorities from 2017/18 onwards. A further survey was planned for the first quarter of 2020/21 but has been deferred due to the pandemic.

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

The Authority is proactive in engaging with citizens and other key stakeholders, and indeed public consultations were instrumental in developing the co-operative vision. The 2019/20 budget confirmed the £0.600m as ongoing budget to continue to invest in the Neighbourhoods Service to improve street cleansing and enforcement.

The Authority in 2019/20 was proactive in engaging and communicating with key stakeholders to boost and maintain public understanding of, and support for example, recycling as part of its revised waste collection arrangements. Another key area where the Authority works with its key stakeholders is its District Lead Elected Members. This includes the dedicated Local Improvement Fund which is spent on local priorities.

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

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

As part of the Transparency Agenda the Authority publishes Senior Officer Salaries over £50,000 and payments over £500 on its web site. As part of this process, improvements have been made to internal control procedures on procurement, which ensure Commissioning and Procurement is fair, transparent, ethical and based on the needs of the community and an understanding of the market place. The Authority is attentive to the need to meet wider social and economic objectives whilst achieving value for money (VfM). Consistent decisions are sustained through an e-procurement system (the Chest), supported by internal Policies and Procedures.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement for 2019/20 to further support the Authority's preference for openness and transparency. This was approved for 2019/20 at Council as part of the budget process on 27 February 2019.

Apart from regular liaison with key Government bodies the Authority is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal Treasurers and specialist region wide initiatives such as the Association of Greater Manchester Authorities (AGMA) Low Carbon Hub.

Internally there are well established and clear routes on how staff and their representatives are consulted and involved in decision making. These includes programmed staff surveys, regular staff briefings, internal briefings, and section meetings and staff appraisals.

During 2018/19 there was a handover of External Audit responsibilities from Grant Thornton (UK) LLP to Mazars LLP. Mazars LLP undertook the audit of the 2018/19 accounts. The audit of the Housing Benefit subsidy claims, and Teachers Pension Service Return are being audited via arrangements agreed as a collaborative procurement across all Greater Manchester Councils and is being undertaken by KPMG LLP.

The Group Company of the Unity Partnership produced accounts for the period ended 31 March 2020 to be audited by Mazars LLP. The accounts for Miocare, which operates around a financial year 1 January 2019 to 31 December 2019 is being audited by Grant Thornton (UK) LLP.

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

Partnership Arrangements

The Authority currently delivers a wide range of services, which often involve working in partnership with others, many of which involve considerable levels of funding. The financial year 2019/20 was the first full year that the Council has owned the Unity Partnership and the acquisition has worked as planned.

The Council has another wholly owned Company MioCare to assist it to provide key Adult Social Care Services. This company has operated for a number of years since becoming operational on 1 December 2013.

The Authority continued to integrate with health to improve the efficiency of public services. In recognition of the potential future benefits the Authority agreed to increase its contribution to the Section 75 pooled fund with Oldham CCG. This contribution of £5.9m is being used by the CCG to invest in service changes which will yield benefits to both partners over the coming years with the expectation of differential contributions to the pooled fund from 2021/22 onwards.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This has been undertaken throughout the year and a report submitted to Executive Management Team highlighting the challenges. This has been incorporated into the production of this Statement of Accounts and issues for consideration in the Annual Governance Statement.

Risks on Significant Projects

The Authority has completed some significant projects, over the last 3 years, which were included in the capital programme. There remain, in the agreed financial strategy of the Council, complex projects which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Many of these are included within the key strategy of the Council, Creating a Better Place, approved by Cabinet in December 2019 and January 2020 and confirmed in the 2020 /21 to 2024/25 Capital Strategy. The Reserves Policy supports the resilience of the Council to deliver its aspirations as set out in the capital strategy/programme.

Given the complexity of some projects there remains an on-going risk to manage in case of an oversight on the long-term financial commitments arising from these projects. The Director of Finance has considered the latest position on this financial risk in both the Statement of Accounts and Reserves Policy. Individual reports to support investment in projects have been prepared in 2019/20 for consideration by Cabinet with appropriate comments by key officers to enable appropriate consideration of the issues including risks before a decision is made.

The issues on both partnership risk and project risk have been incorporated into this governance statement where necessary.

Review of Effectiveness

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

The Authority strategy and objectives are established and embedded through an annual refined Business Planning process, which also sets out the framework for the work programme focusing predominantly on achieving efficiencies and the transformation of services where the most significant savings may be made. This is developed in tandem with the Annual Budget

Cycle, and the Medium Term Financial Strategy (MTFS), underpinned by the Reserves Policy to evidence and support financial resilience.

An internal audit programme is undertaken, which in 2019/20 has focused on key items in the Audit Plan such as financial systems, systems assurance, grant audit and providing data for the National Fraud Initiative. This is reported to the Audit Committee in relation to the Governance, Treasury Management, Fundamental Financial systems and operational controls. Where specific matters were brought to the attention of Internal Audit these have been investigated in accordance with the Policies of the Council.

An external audit of the accounts for the year ending 31 March 2019 was undertaken by Mazars LLP and was reported to the Audit Committee on 26 June 2019. The Auditor commented positively about the standard of the accounts and working papers were considered to be of high quality. This meeting approved the accounts within the statutory deadline. It is planned that the 2019/20 accounts will be presented for approval at the Audit Committee meeting of 21 July 2020.

Significant Governance Issues

The Annual Governance Statement identifies the following governance issues and major risks for the Authority. These are:

2019/20 Issues	Planned Management Action to Reduce Risk
The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2019/20 for the second year compared to 2017/18. Issues identified in the 2019/20 internal audits need to be implemented on direct payments.	Added impetus will be given to strengthen the financial processes linked into the Mosaic system when the pressures on the service due to the COVID 19 pandemic reduce. This will involve regular meetings of key staff responsible for the implementation of improvements identified. This will include a six monthly report to the Director of Finance on the progress made on emerging issues and any improvements identified throughout the year.
There are future changes to the Council's financial resilience (from the previous certainty guaranteed by the efficiency plan) due to uncertainty on matters outside of the Council's control such as Brexit, the costs of the COVID 19 pandemic it will be required to fund directly and indirectly, or the impacts of commitments made under devolution. An added pressure is that the Council's previous plans to deliver savings by Transformation may be constrained by the recent emergency.	<p>There are planned developments in 2020/21 when the Council's operations return to normality following the pandemic to improve efficiency around:</p> <ul style="list-style-type: none"> • Delivering further Transformation in the Authority via the Strategic Design and Delivery Board • Continued integration with Health. • Collection of revenues due to the Council. • Finance available to support the capital programme. • Realising the value out of entities in which the Council has a financial interest. <p>This will be supported by:</p> <ul style="list-style-type: none"> • Our Policy Team reviewing on-going updates of changes in terms of events. • An agreed Reserves Policy subject to regular review.

2019/20 Issues	Planned Management Action to Reduce Risk
	<ul style="list-style-type: none"> Joint working with key partners such as health to better align resources. <p>The Director of Finance considers the risks as part of the closure of accounts and during the monitoring arrangements for 2020/21.</p>
<p>The Council has a number of key regeneration projects planned for the future as detailed in the creating a Better Place Programme. Should one of these high-profile projects not be delivered as planned it is likely to result in reputational damage to the Council or increase the financial pressure on the Council for the future made more challenging due to the COVID 19 pandemic</p>	<p>The Capital Investment Programme Board receives bi monthly reports on the high value projects once construction is underway.</p> <p>The Council's Reserves Policy is reviewed on a regular basis by the Director of Finance to reflect the agreed risks linked into the capital strategy.</p> <p>An annual review of the major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council during 2020/21 to assess the affordability of the capital programme in light of the COVID 19 pandemic.</p> <p>The Director of Finance considers the risks as part of the closure of accounts and during the monitoring arrangements for 2020/21.</p>
<p>The audit opinion of the internal control environment for the operation of payroll including pension's administration continued to improve as at 31 March 2020 although it could not be upgraded to adequate. Further improvements to both the internal control environment and efficiency of the service are required which in part are linked into the implementation of a new integrated HR system.</p>	<p>The project to combine the two payroll systems currently used into one will continue to be supported by assurance from both Finance and Internal Audit. The updates to the Audit Committee will include appropriate updates on the progress made. The implementation of the new system currently programmed for the Autumn of 2020 has been unavoidably delayed by the COVID 19 pandemic. The progress on the implementation of the new system will be subject to a report to the September Audit Committee.</p> <p>The Director of Finance considers the residual risks from past processing as part of the closure of accounts and during the monitoring arrangements for 2020/21.</p>
<p>The continued compliance with the National Transparency Agenda has increased the risk of the Council to a future fraud enhanced by the COVID 19 pandemic as information included in the public domain and obtained from Freedom of Information Requests is used to exploit the Council</p>	<p>There are regular reviews of the internal control mechanism during 2020/21 including documenting changes to procedures operated due to home working to ensure adequate controls are in place to prevent third parties receiving inappropriate payments.</p> <p>The minimalist approach to publishing information which is a legislative requirement under the Transparency Agenda is maintained unless the wider public interest is served by publication.</p> <p>The Council led Group on Information Governance takes organisational responsibility for the risk.</p>
<p>The future reforms to Health Integration do not result in the efficiencies anticipated due to</p>	<p>The risk pre COVID 19 was factored into the planning process for reforming Adult Social Care within the Oldham Locality which is moving on with the current re-</p>

2019/20 Issues	Planned Management Action to Reduce Risk
increased demand and added pressures from the COVID 19 pandemic.	<p>alignment which will be expanded as more services are integrated. These plans will need to be revised in the Recovery phase from the pandemic.</p> <p>The Council had, with Cabinet approval, increased its contribution to the pooled budget on the assumption this investment would be realise benefits and efficiencies to both the Council and the CCG. From the Councils perspective, this was expected to result in reduced contributions to the pooled budget in future years.</p> <p>The Director of Finance considers the emerging risks arising from the transformation agenda as part of the closure of accounts for 2020/21.</p>
Dedicated Schools Grant is in a deficit position which has a Recovery Plan agreed by the Department for Education with the aim that it will be brought back to break-even over a three-year timeframe.	<p>The recovery plan submitted and agreed by the Department of Education in the financial year 2019/20 has supported the stabilisation of the deficit. The actions identified in this Action Plan will be implemented during 2020/21 to reduce the deficit. The implementation of these actions which were agreed with Schools Forum has been delayed by the wider Council response to the COVID- 19 pandemic and the need to assist schools to re-open from 1 June 2020.</p> <p>The deficit position and the progress made to address the deficit will be subject to regular reports to Schools Forum and also included within the budget monitoring reports to be submitted to Cabinet by the Director of Finance.</p> <p>The Council will be liaising with the Department for Education in relation to the DSG financial position during 2020/21.</p>
The financial resilience of key partners who provide services to the Council has deteriorated due to the COVID 19 pandemic. The Council may not be able to guarantee continuity of service due to our reduction in financial resilience.	<p>Each instance will be considered by the Council on a case by case basis as the long-term financial impact on key partners caused by COVID 19 becomes clear. Each request for assistance will be subject to a report with appropriate due diligence undertaken.</p> <p>Emergency support agreed under the emergency arrangements for COVID 19 will be regularised as normal working under the new business as usual is implemented.</p>
The present contractual arrangements with a number of key suppliers needs to be reviewed and better documented so any amendments required in a future emergency can be streamlined.	A group of key officers led by the Director of Finance will meet on a two weekly basis to review the present contract documentation in place for contracted suppliers. This will ensure that appropriate revisions are made to ensure a future response to an emergency is improved.

Summary

The Authority has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Authority's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continuously throughout the year.



Councillor Sean Fielding
Leader of Oldham Council



Dr Carolyn Wilkins OBE
Chief Executive Oldham Council
and Accountable Officer Oldham
Clinical Commissioning Group

7.0 Glossary of Terms

Accruals Basis

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

Actuarial Gains and Losses

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

Agency Services

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

Amortisation

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

Appointed Auditors

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

Asset

Items of worth that are measurable in terms of value. Current assets may change daily, 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).

Associate 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 Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Better Care Fund (BCF)

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

Capital Adjustment Account

The 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 of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

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

Capital Financing Charges

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

Capital Receipts

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

Carrying Amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

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

Community Assets

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

Contingency

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

Contingent Liabilities or Assets

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

Co-operative Council

This is the ethos of the Council embodied by the desire that citizens, partners and staff work together to improve the borough and create a confident and ambitious place.

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 define the benefits independently of the contributions 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.

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 Authorities.

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 from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves

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

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority 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 regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

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

Greater Manchester Combined Authority (GMCA)

Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (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 the 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 Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of social housing. Other services are charged to the General Fund.

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

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses 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 statements 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
- Products and services 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 Oldham it usually covers a four or five year timeframe.

Minimum Revenue Provision (MRP)

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

Non Domestic Rates (NDR) (also known as Business Rates)

NDR 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 Authorities.

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 Oldham Council and Oldham CCG, but the partners' respective financial contributions to such a fund are held in their own bank accounts.

Pooled Budget

A pooled fund, arising from a Section 75 Agreement between Oldham Council and Oldham 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.

Private Finance Initiative (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

Property, Plant and Equipment (PPE)

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

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 Authorities

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, 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 Benefit Liability (asset) comprises:

- a) actuarial gains and losses
- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the 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 Authority 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 (S.75) Agreement

An agreement made between a Local Authority and an 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 Oldham Council and Oldham 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 Authority 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.

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Appendix 2 - Changes to Draft Statement of Accounts

Change Reason	Statements/Notes Section Affected	Change Made
Recalculation of Accounting Estimates	Various	The Council obtained an updated pension valuation as at 31 March 2020. The amendments were subsequently incorporated into the Statement of Accounts. This includes changes to the primary statements (excluding the Cash Flow Statement) and associated Pension Scheme and Unusable Reserve notes.
Disclosure	CIES/ Note 3 - Financing and Investment Income and Expenditure	The Adjustment to the Loss Allowance has been included within the net costs of services, previously reported within Financing and Investment Income and Expenditure. Both are within the Deficit on the Provision of Services so this has resulted in minor amendments to associated disclosures.
Reclassification	Note 2 - Expenditure and Income Analysed by Nature / Note 5 Grant Income Credited to Services	Re-Classification of grant income to fees, charges and other service income in Note 2 - Expenditure and Income Analysed by Nature and removal of grant income in Note 5 - Grant Income Credited to Services.
Disclosure	Note 10 - External Audit Costs	The disclosure has been amended to include only those services provided by Mazars LLP as External Auditors.
Disclosure	Note 11 - Pooled Budgets	The S75 funding contribution from the Oldham Clinical Commissioning Group (CCG) and associated expenditure has been updated following notification from the CCG.
Disclosure	Note 13 - Adjustments Between Accounting Basis and Funding Basis Under Regulation	To provide greater transparency, the capital receipts from the disposal of Investment Properties has been incorporated into the Capital Receipts reserve. The transactions were previously included within the Movement in Fair Value of Investment Properties.
Disclosure	Note 21 - Financial Instruments	Amendments to the classifications within the Financial Instrument disclosures in line with IFRS 9 Financial Instruments.
Disclosure	Leases - Note 38	In order to improve transparency and provide additional information to the users of the accounts, the Council has included a Lease note detailing the income received from lessors (Note 38 to the Statement of Accounts).
Recalculation of Accounting Estimates	Group Accounts - Core Statements and G4. Group Defined Benefit Pension Schemes	The remeasurement of the Pension Liability for the Council, The Unity Partnership and MioCare group has been moved from Financing and Investment Income and Expenditure to Other Comprehensive Income. This has no impact on the overall financial result or the Group Balance Sheet.
Disclosure	Group Accounts G5 - External Audit Costs	An additional disclosure has been included within the Group Accounts detailing the Audit Fees paid to Mazars LLP by the Group Entities.
Narrative	Narrative Statement	Minor amendments have been made to the Narrative Statement to ensure the most up-to-date information has been provided reflecting the passage of time since the preparation of the draft accounts.
Disclosure/Presentation	Various Throughout Document the	Improvements to disclosures, narrative and presentation have been made where required.

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Appendix 3 – Management Letter of Representation



Karen Murray
Mazars LLP
One St Peters Square
Manchester
M2 3DE

Oldham Council
Director of Finance
Civic Centre
West Street
OLDHAM
OL1 1UG
Tel: 0161 770 4902
E-mail: anne.ryans@oldham.gov.uk

Dear Karen,

Re: Oldham Metropolitan Borough Council - Audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Oldham Metropolitan Borough Council ('the Council') and its Group for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

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

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

Accounting records

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

Accounting policies

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

Accounting estimates, including those measured at fair value

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

Contingencies

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

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

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

There are no undisclosed contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

- others where fraud could have a material effect on the financial statements.

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

Related party transactions

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

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

Future commitments

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

Subsequent events

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

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

Covid-19

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

Going concern

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

Unadjusted misstatements

I confirm that there are no uncorrected misstatements.

Yours sincerely

Anne Ryans
Director of Finance (S151 Officer)

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