

***AUDIT COMMITTEE
Regulatory Committee
Agenda***

Date Thursday 29 July 2021

Time 6.00 pm

Venue Queen Elizabeth Hall, Civic Centre, Oldham, West Street, Oldham, OL1 1NL.

- 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 Tel. 0161 770 5151 or 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 Monday, 26 July 2021.
 4. FILMING - The Council, members of the public and the press may record / film / photograph or broadcast this meeting when the public and the press are not lawfully excluded. Any member of the public who attends a meeting and objects to being filmed should advise the Constitutional Services Officer who will instruct that they are not included in the filming.

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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, Alyas, Briggs, Dean, C. Gloster, Islam (Vice-Chair), Lancaster, Salamat and Surjan

Item No

7 External Audit - Audit Completion Report (Pages 1 - 40)



Oldham
Council

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2020/21 Statement of Accounts (Pages 41 - 264)



Report to Audit Committee

Draft Audit Completion Report for the Year Ending 31 March 2021

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

Officer Contact: Anne Ryans - Director of Finance / MAZARS

Report Author: Lee Walsh - Finance Manager / MAZARS

Ext. 4467

29 July 2021

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 2021 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 2021. 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 2020/21 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 are presented at page 8 of the attachment Appendix.

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 2021.

Appendix One

Draft Audit Completion Report Oldham Metropolitan Borough Council Year ending 31 March 2021

Audit Completion Report

Oldham Metropolitan Borough Council
Year ended 31 March 2021

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July 2021



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Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

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 Borough Council
Civic Centre
West Street
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OL1 1UT

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

27 July 2021

Dear Audit Committee Members

Audit Completion Report – Year ended 31 March 2021

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

The scope of our work, including identified significant audit risks, key audit matters and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 10 June 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks, key audit matters and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

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

Yours faithfully

Signed: {{_es_.signer1:signature }}

Karen Murray

Partner, Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

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

Section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks, key audit matters and areas of management judgement. The key audit matters that were of most significance in our audit of the Financial Statements for disclosure in our auditor's report:

- Valuation of Land & Buildings
- Valuation of Investment Property
- Valuation of the Defined Benefit Pension Liability

Section 4 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 the Council's investment in Manchester Airport Holdings Limited

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; of which unadjusted misstatements total £1.1m. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

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

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

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



Audit opinion

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



Value for Money

We have not yet completed our value for money arrangements work and will report our findings in our Auditor's Annual Report later in the year. On the basis of the work completed to date we do not anticipate having significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our value for money arrangements work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

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



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have received correspondence and questions from a member of the public. We are currently considering the matter raised.

Executive summary

Status of audit

Audit approach

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Internal control recommendations

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Value for Money

Appendices

1. Executive summary

COVID-19 impacts

The impact of the COVID-19 pandemic on the audit was significant for a second audit year. Although we have had the full co-operation of the finance team and Council management through the audit, the remote working of our audit team and the Council's staff has inevitably meant that the audit work took longer to complete and finalise than would ordinarily be the case.

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02

Section 02: **Status of the audit**

2. Status of the audit

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

| Audit area | Status | Description of the outstanding matters |
|--|---|--|
| Income and Expenditure testing |  | We are awaiting the final elements of evidence for our testing of the Council's other income, payroll expenditure and non-pay expenditure. |
| Property, Plant & Equipment testing |  | We are resolving queries relating to the valuation of the Council's property, plant & equipment and the disclosure of capital expenditure and financing. |
| Pension liability |  | We are awaiting the final evidence for our testing of the Council's defined benefit pension liability. In addition we have requested confirmation from the Pension Fund auditor on areas relating to their audit of the Greater Manchester Pension Fund. Their audit is not yet complete and the confirmations will be received when that audit is completed. |
| PFI |  | We are completing our work on the Council's PFI liabilities and the Unitary Payments |
| Financial instruments |  | We are completing our work on the Council's Financial Instruments disclosures |
| IT general controls testing |  | Our IT auditors are awaiting requested information from the Council to complete their testing of the Council's general IT controls |
| Group consolidation |  | Based on our discussions the Council has updated its group accounts and we have only recently received the supporting working papers. We are still completing our work on the Council's consolidation as a result. |
| Related party transactions |  | We are completing the final elements of our work on the related party transactions |
| Financial statements, Annual Governance Statement and letter of representation |  | We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation. |



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.



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Section 03: **Audit approach**

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3. Audit approach

Changes to our audit approach

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

Materiality

Our provisional materiality at the planning stage of the audit was set at £13.9m for the Group financial statements and £13.8m for the Council single-entity statements using a benchmark of 2% of gross expenditure at the Surplus/Deficit at Net Cost of Services level. Our final assessment of materiality, based on the final financial statements and qualitative factors is £13.61m for the Group financial statements and £13.6m for the Council single-entity statements using the same benchmark.

Service organisations

We set out in our Audit Strategy Memorandum our approach to auditing the Council's service organisations. We confirm there have been no changes to those arrangements during the audit.

| Items of account | Service organisation | Audit approach |
|---|---------------------------|---|
| Payroll, non-pay expenditure and other transactional items of account | The Unity Partnership Ltd | <p>We obtained assurance by understanding the controls that the Council has in place to assure itself that transactions are processed materially correctly.</p> <p>Our testing included sample testing of transactions based on evidence available from the Council rather than the service organisation.</p> |

Use of experts

We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures. We confirm there have been no changes to those arrangements during the audit

| Item of account | Management's expert | Our expert |
|---|---------------------------|--|
| Defined benefit pension assets and liabilities | Hyman Robertson actuaries | PwC – NAO's consulting actuary |
| Property, Plant and Equipment and Investment Property valuation | Unity Partnership Ltd | We used available third party information to challenge the key valuation assumptions |
| Valuation of Manchester Airport land | Jacobs Ltd | Mazars in-house valuation team |
| Valuation of shareholding in Manchester Airport Holding Limited | BDO LLP | Mazars in-house valuation team |
| Valuation of Financial Instruments | Link Asset Services | We reviewed Link's methodology for providing the fair value disclosures |







3. Audit approach

Group audit approach

The Council's group structure for 2020/21 includes two wholly owned subsidiary companies, Miocare Group Community Interest Company Ltd and The Unity Partnership Ltd. In auditing the accounts of the Council's Group financial statements we obtained assurance over the transactions in the Group relating to the Council's subsidiary companies.

Our approach reflected the size and complexity of the transactions from the subsidiary companies that are consolidated into the Council's Group financial statements. Our approach is outlined below and we confirm there are no changes to the planned approach set out in our Audit Strategy Memorandum.

| Group component | Approach adopted | Key points or other matters to report |
|------------------------|---|---|
| Oram MBC |  | The Mazars audit team undertook the full audit of the Council |
| Miocare CIC Ltd |  | The Mazars audit team undertook testing of Miocare's defined benefit pension liability and carried out review procedures of the remaining consolidated accounting entries. The component materiality used for these procedures was £5m. |
| Unity Partnerships Ltd |  | The Mazars audit team undertook testing of Unity Partnership's defined benefit pension liability and carried out review procedures of the remaining consolidated accounting entries. The component materiality used for these procedures was £6m. |

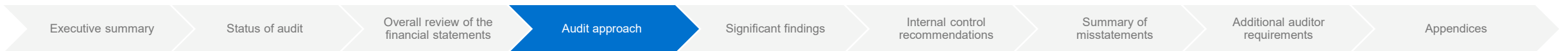
-  **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality
-  **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality
-  **Specific audit procedures**
Performance of specific audit procedures on the component's financial information
-  **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned



3. Audit approach

The table below summarises our significant risks and other areas of audit focus. The key findings from our audit work in these areas are detailed in section 4.

| | Risk description | Risk of fraud | Risk of error | Management judgement | Key Audit Matter | Audit approach | Control observations | Identified misstatements | Overall conclusion |
|--|--|---------------|---------------|----------------------|------------------|---------------------|----------------------|--------------------------|--|
| Page 14 Significant risks | Management override of controls | ● | | | | Substantive testing | O/S | O/S | Work is still to be completed on some areas of testing but based on the work completed there are no matters to bring to the Committee's attention at this stage. |
| | Valuation of Land & Buildings | | ● | ● | ● | Substantive testing | O/S | O/S | Work is still to be completed but based on the work completed there are no matters to bring to the Committee's attention at this stage. |
| | Valuation of Investment Properties | | ● | ● | ● | Substantive testing | No | No | No matters to bring to the Committee's attention. |
| | Valuation of the defined benefit pension liability | | ● | ● | ● | Substantive testing | O/S | O/S | Work is still to be completed but based on the work completed there are no matters to bring to the Committee's attention at this stage. |
| Key areas of management judgement and enhanced risks | Valuation of the Council's investment in MAHL | | ● | ● | | Substantive testing | No | No | No matters to bring to the Committee's attention. |



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Section 04: **Significant findings**

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4. Significant findings

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

- our findings on key audit matters, including:
 - why the matter was considered;
 - 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 the auditor’s response to those risks;
 - where relevant, key observations arising with respect to those risks; and
- our audit conclusions regarding other significant risks, key audit matters 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 20 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.

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a clear reference to the relevant disclosures in the financial statements. if applicable (only in exceptional cases), depending on the facts and circumstances of the entity and the audit (these facts must be clearly explained), the auditor’s determination that there are no key audit matters to communicate in the auditor’s report. [ISA 701 Para. A60–A63]



4. Significant findings

Key audit matters

Valuation of Council Property, Plant & Equipment

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 current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment 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. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. 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 the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be 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 our audit addressed the key audit matter and our observations

Our audit procedures included:

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

There are elements of our work that are still to be completed in this area. Based on the work carried out to date there are no matters to bring to the Committee's attention.



4. Significant findings

Key audit matters

Valuation of investment properties

Description of the key audit matter

The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The valuation of Investment Property 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. The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.

How our audit addressed the key audit matter and our observations

Our audit procedures included:

- Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the Council’s instructions to the valuer.
- Obtaining an understanding of the basis of valuation applied by the valuer in the year.
- Obtaining assurance on the appropriateness of the methodology and assumptions adopted by the Council’s valuer.
- Comparing the valuation to our valuation expert’s estimate of the valuation.
- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.

Our work is complete and based on the results of our testing there are no matters to bring to the Committee’s attention.

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4. Significant findings

Key audit matters

Valuation of the Council's and the Group's defined benefit pension liability

Description of the key audit matter

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

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

How our audit addressed the key audit matter and our observations

Our audit procedures included:

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

There are elements of our work that are still to be completed in this area, most notably the confirmations from the Pension Fund auditor based on their audit work. Based on the work carried out to date there are no matters to bring to the Committee's attention.



4. Significant findings

Significant risks

Management override of controls

Description of the risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation 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.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

We have completed our work on the Council’s journals and there are no matters to bring to the Committee’s attention.

Our work on the management estimates is still to be completed and we have not to date identified any significant transactions outside the normal course of business.

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4. Significant findings

Key areas of management judgement

Valuation of investment in Manchester Airport Holdings Limited

Description of the management judgement

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

How our audit addressed this area of management judgement

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

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

Audit conclusion

Our work is complete and based on the results of our testing there are no matters to bring to the Committee’s attention.

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4. Significant findings

Qualitative aspects of the Council's accounting practices

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

Draft accounts were received from the Council on 6th June 2021 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 and ensuring that Council officer colleagues have prioritised responding to our audit queries.

Significant matters discussed with management

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

Accounting treatment for the Council's loan made to Manchester Airport in the year

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

Impairments of financial assets

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

Accounting treatment of government grants

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

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

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

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

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

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We received questions from one member of the public. We are continuing our consideration of the questions, but we are satisfied that there are no material impacts on the 2020/21 financial statements.

05

Section 05: **Internal control recommendations**

5. Internal control recommendations

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

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

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

| Priority ranking | Description | Number of issues |
|-------------------|--|------------------|
| 1 (high) | In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately. | 0 |
| 2 (medium) | In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future. | 0 |
| 3 (low) | In our view, internal control should be strengthened in these additional areas when practicable. | 1 |



5. Internal control recommendations

Other recommendations in internal control – Level 3

Description of deficiency

As part of the interim audit in August 2020 we requested the Housing Benefit to General Ledger reconciliations. When we received the reconciliation we noted that the reconciliation was completed in March 2021, 7 months after the period end. We also noted that the subsequent months reconciliations were also completed in March 2021.

Potential effects

The potential impacts are that imbalances are not identified in a timely manner; that there are unexplained items that do not have an adequate investigation, leading to difficulty in identifying and clearing any reconciling items; and discrepancies are not able to be rectified in a timely manner and any unusual activity is not identified.

Recommendation

Ensure that the Housing Benefit system is reconciled to the General Ledger on a prompt monthly timetable within an agreed time frame from month end.

Management response



06

Section 06:

Summary of misstatements

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6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £408,000. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The following page outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

| | | Comprehensive Income and Expenditure Statement | | Balance Sheet | |
|---------------------------------------|---|--|------------|---------------|------------|
| | | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| Page 27 | Dr: Short Term Debtors | 1,174 | | | |
| | Cr: Cost of Services Income | | | | 1,174 |
| | Our testing of income received after the year end identified one government grant for £228k which related to a 2020/21 grant but was received in May 2021. The Council was already progressing through its closedown arrangements and recognised this income in 2021/22. Applying our audit methodology we extrapolated this £228k error, and if the error was representative of the whole population Short Term Debtors and Cost of Services Income would be understated by £1,174k. | | | | |
| 2 | Dr: Cr: [Insert description] | | | | |
| 3 | Dr: Cr: [Insert description] | | | | |
| Total unadjusted misstatements | | 1,174 | - | - | 1,174 |



6. Summary of misstatements

Adjusted misstatements

Based on the work completed to date there are no significant adjusted misstatements to bring to the Committee's attention.

Disclosure amendments

During our audit we identified a small number of adjustments to the disclosures in the accounts. These have been adjusted by management. The more significant impacts include:

- Note 2 – Expenditure & income Analysed by Nature has been amended to remove expenditure and income with schools which is internal to the Council
- Note 3 – Financing and Investment Income & Expenditure has been amended to remove the prior year impact of the loss on disposal of academy schools which is now included in Other Operating Expenditure in the I&E Statement

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07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

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

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

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

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

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

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

Status of our work

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

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report later in the year.



Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

Oldham Metropolitan Borough Council - audit for year ended 31 March 2021

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 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

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



Appendix A: Draft management representation letter (continued)

Accounting policies

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



Appendix A: Draft management representation letter (continued)

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.



Appendix A: Draft management representation letter (continued)

Covid-19

I confirm that the Council has 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 and the Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

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

Yours faithfully
 Anna Ryans
 Director of Finance

Appendix

Schedule of unadjusted misstatements

| | SOCl | | SOFP | |
|---------------------------------------|------------|--------------|--------------|------------|
| | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| Dr Short Term Debtors | | | 1,174 | |
| Cr Cost of Services Income | | 1,174 | | |
| Total unadjusted misstatements | 0 | 1,174 | 1,174 | 0 |



Appendix B: Draft audit report

The draft audit report will be included at the conclusion of the audit

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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.

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Appendix D: Other communications

| Other communication | Response |
|---|--|
| Compliance with Laws and Regulations | We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed. |
| External confirmations | We did not experience any issues with respect to obtaining external confirmations. |
| Related parties | We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework. |
| Going Concern | We have not identified any evidence to cause us to disagree with the Director of Finance that Oldham Metropolitan Borough Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements. |

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Appendix D: Other communications

| Other communication | Response |
|--------------------------|--|
| Subsequent events | <p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p> |
| Matters related to fraud | <p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we obtained written representations from management, and the Audit Committee, confirming that</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others. |

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Mazars

Karen Murray, Partner

One St Peter's Square
Manchester
M2 3DE

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

*where permitted under applicable country laws.



Oldham
Council

Report to Audit Committee

2020/21 Annual Statement of Accounts

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

Officer Contact: Anne Ryans – Director of Finance

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

29 July 2021

Reason for Decision

The Audit Committee is charged with scrutiny and approval of the Statement of Accounts. This report presents the 2020/21 Statement of Accounts.

Executive Summary

The report presents the Council's Statement of Accounts for the financial year 2020/21.

The report highlights:

- The overall revenue outturn position for 2020/21 was a surplus of £2.153m;
- The year-end variances that are attributable to each Portfolio;
- The level of Grants received in relation to the COVID-19 Pandemic;
- Schools balances at 31 March 2021 were £9.306m
- The Dedicated Schools Grant (DSG) deficit was £3.560m which is now held in an unusable reserve rather than being netted off the Schools balances (as presented in the accounts in previous years);
- The final Housing Revenue Account (HRA) balance was £21.370m;
- The balance on the Collection Fund was a deficit of £27.213m;
- The revenue account earmarked reserves at £113.512m, other earmarked reserves at £29.452m (Revenue Grant Reserves of £20.145m plus School Balances as above) and an increase in the General Fund balance of £2.153m to £17.263m, reflective of the revenue outturn position;
- Expenditure on the Council's Capital Programme for 2020/21 was £73.227m which is an increase on the month 9 forecast expenditure of £71.012m. The increase in expenditure required funding allocated to future years to be re-profiled to fully finance the Capital Programme in 2020/21;

-
- The significant items in each of the primary financial statements;
 - The preparation of Group Accounts incorporating the Councils two wholly owned companies – the Unity Partnership Ltd. and MioCare Community Interest Company;
 - The Annual Governance Statement
 - The performance of the Finance Team in closing the accounts.

The presentation of the draft Statement of Accounts provides Audit Committee members with the opportunity to review the Council's year-end financial position.

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 still has work outstanding in relation to a few areas. These are mainly the completion of the External Auditor work on the Council's group accounts, the IT audit and the External Auditors having assurance with regard to the audit of the Greater Manchester Pension Fund (GMPF). The GMPF assurance work has yet to conclude and as such is beyond the influence of the Council.

As the outstanding matters may not be resolved by the meeting of 29 July 2021, 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 outstanding matter) to the Vice Chair of the Audit Committee, having regard to the advice of the Director of Finance and the External Auditor.

Recommendations

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, having regard to the advice of the Director of Finance and 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) 2020/21 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 The deadline for the preparation of the 2019/20 Accounts was extended due to the pandemic and it has again been revised for 2020/21. Recognising the multi-year impact of COVID-19, the deadline for the 2021/22 financial year has also been changed. The Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities.
- 1.4 The impact on deadlines and timescales is as follows:
- the publication date for the final, audited, accounts for 2020/21 has moved from 31 July to 30 September 2021 (30 September 2022 for the 2021/22 accounts)
 - To give Local Authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead Local Authorities must commence the public inspection period on or before the first working day of August 2021, which requires the draft accounts to be presented for audit by 31 July or earlier wherever possible.
- 1.5 For this year 2020/21, 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 2021. The Council published such a notice. This advises that the public inspection period runs from 17 June 2021 to 28 July 2021.
- 1.6 The legislation requires that following the conclusion of a 30 working 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.
- 1.7 The public inspection period for the 2020/21 Statement of Accounts began on 17 June 2021 and as advised above, it will conclude on 28 July 2021. At the time of preparing this report, the Council had received no objections to the Statement of Accounts. The inspection period will have concluded by the time of the Audit Committee meeting and an update as to any issues arising will be provided at the meeting.

2 Current Position

- 2.1 The Council submitted its draft financial statements to the External Auditors, Mazars LLP, on 6 June 2021 which was a little later than expected due to the impact of the pandemic. In order to facilitate the audit process, the Council made working papers available to the auditors prior to the handover of the Statement of Accounts. The public inspection period began on 17 June and will conclude on 28 July 2021.
- 2.2 In line with good practice, the draft Statement of Accounts was issued to Audit Committee members. The Statement of Accounts was presented, with a covering report outlining key issues, to the Audit Committee at its meeting of 29 June 2021. 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 a few more significant outstanding items along with some other smaller items that need to be completed. The significant items are:
- a) Work is still ongoing on the consolidation of the Council's Group Accounts
 - b) The completion of work on the IT audit
 - c) 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. This item is beyond the influence of the Council.
- 2.4 As the outstanding matters may not be resolved by the meeting of 29 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 having regard to the advice of the Director of Finance and 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). The draft ACR (elsewhere on the agenda) gives an unqualified opinion on the financial statements and provides assurance that no material errors have been identified for the 12th successive year.
- 2.8 Mazars LLP are yet to complete our work on the Value for Money opinion in respect of the Council's arrangements for the year ended 31 March 2021. At the time of preparing this report, the auditors have not identified any significant weaknesses in arrangements that require them to make a recommendation, however they will continue to undertake work on the Council's arrangements and update the Audit Committee as part of the Audit Completion Report.
- 2.9 As this is the third 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 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 one low priority ranking recommendations with regards to Housing Benefit reconciliations. The ACR will be reviewed upon completion of the audit and any significant changes will be presented to Committee.

- 2.10 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 2020/21 revenue outturn position has not changed from that presented to the Committee at the meeting on 29 June 20221 and is presented in its Portfolio structure, with a comparison to the revenue budget set out in Table 1 below. The forecast outturn position was presented to Cabinet on a monthly basis from month 3 to month 9 during 2020/21. This reporting was more frequent than normal given the financial challenges the Council faced, certainly in the early part of the financial year.

Table 1 – 2020/21 Revenue Outturn Compared to Revised Budget

| Portfolio | Budget £000 | Actual £000 | Variance £000 |
|--|------------------|------------------|------------------|
| People and Place | 87,923 | 92,379 | 4,456 |
| Community Health & Adult Social Care | 69,232 | 67,575 | (1,657) |
| Children's Services | 81,706 | 89,765 | 8,059 |
| Communities and Reform | 42,259 | 42,626 | 367 |
| Commissioning | 15,795 | 16,287 | 492 |
| Chief Executive | 3,771 | 3,515 | (256) |
| Capital, Treasury and Technical Accounting | (2,441) | 12,803 | 15,244 |
| Corporate and Democratic Core | 6,731 | 6,731 | - |
| Parish Precepts and Grants | 310 | 310 | - |
| COVID-19 Funding | 18,010 | (7,641) | (25,651) |
| Resources Returned from GMCA | - | (3,248) | (3,248) |
| Net Service Expenditure | 323,295 | 321,102 | (2,193) |
| Collection Fund | - | (29,692) | (29,692) |
| Total Net Service Expenditure | 323,295 | 291,410 | (31,885) |
| Financing | (321,895) | (321,852) | 43 |
| Collection Fund (Surplus)/Deficit | (1,400) | 28,291 | 29,691 |
| Total Financing | (323,295) | (293,561) | 29,734 |
| Net Underspend | - | (2,153) | (2,153) |

- 3.2 As mentioned elsewhere in this report and throughout the Statement of Accounts, the financial year 2020/21 was unlike any other due to the impact of the COVID-19 pandemic which made expenditure trends and income losses more volatile. Unsurprisingly there were a number of variances from the month 9 projected position (based on forecasts as at 31 December 2021) for a number of reasons including:

- A year end exercise to maximise the use of time limited revenue grants received;
- The use of £16.823m of Oldham Clinical Commissioning Group (CCG) resources to underpin the provision of adult social care using the facility of the S75 Agreement (of which only £5.9m had been anticipated);
- Income being received late in the financial year from partner organisations including investment income, funding in relation to after care services provided under Section 117 of the Mental Health Act 1983 and other adults social care related payments from Oldham CCG and increased refunds from the Greater Manchester Combined Authority (GMCA) to top up resources already anticipated;
- Notifications from Central Government of grant allocations late in the financial year;
- Displaced activity which will be undertaken and completed in 2021/22 resulting in anticipated expenditure and reserve usage not taking place in 2020/21.

The overall outturn position for the Council was a surplus of £2.153m which has increased the Council's General Fund Balance as discussed at section 4.15. More detailed information on the Council's outturn position can be found in the Narrative Report from page 27 in the Statement of Accounts. Further details on the variances are provided in the following paragraphs.

- 3.3 It is important to note that the forecast outturn presented in financial monitoring reports all year (and in the table above) showed the COVID-19 funding in the form of unringfenced grant received from Central Government offsetting overspending in Council Portfolio areas. This approach was chosen so the actual service impact could be seen compared to the original budget. Three tranches of unringfenced grant totalling £15.055m was received and three tranches of unringfenced Sales, Fees and Charges compensation grant totalling £2.955m. In addition, £7.641m of unringfenced grant was received in 2019/20 and this was transferred from earmarked reserves to support the overall financial position. A total of £25.651m of unringfenced general grant supported the outturn.

People and Place

- 3.4 The year-end position for the People and Place Portfolio was a deficit of £4.456m, against a revised budget of £87.923m. The adverse variance was mostly within the Economic Development service and primarily relates to the loss of income as a result of the COVID-19 pandemic in the following services:

- the Catering and Cleaning Service as a result of limited opening of schools during lockdowns and the impacts of self-isolation when schools reopened;
- the Corporate Landlord/Investment Estate and Markets Service relating to the recoverability of rental income from tenants impacted by lockdowns and the pandemic;
- the Parking Service as a result of a drop in demand for Town Centre Parking.

- 3.5 The final outturn of £4.456m was an improvement of £0.472m compared to the projected deficit of £4.928m at month 9 (31 December 2020). The reduced variance was due to the economic impact of the third lockdown being less severe than had been anticipated.

Community Health and Adult Social Care

- 3.6 The favourable outturn of £1.657m represents an improvement of £3.245m compared to the forecast pressure of £1.588m reported at month 9 and includes income received

from Oldham Clinical Commissioning Group (CCG), both to support the COVID-19 related Hospital Discharge Scheme and to underpin the provision of adult social care (£16.823m in total and £10.923m more than had been envisaged when the month 9 report was prepared). Leaving aside the CCG income (£10.923m), the movement in the variance is attributable to;

- the cost of care provision in the last quarter being below expectations, partly as more financial support was received via the NHS funded Hospital Discharge Scheme;
- Additional contributions by the CCG to the cost of care, being mainly S.117 contributions for after-care services;
- Delayed recruitment to vacant posts and grant income to support staffing costs.

Children's Services

- 3.7 The Portfolio as a whole recorded an overspend of £8.059m against a revised budget of £81.706m. This is £0.348m less than the forecast at month 9. The majority of the adverse variance (£7.784m) was within Children's Social Care, primarily due to the cost of placements; out of borough in particular, and also additional staffing costs, mainly agency to address demand pressures arising from the pandemic. The adverse variance within Education, Skills and Early Years was £0.345m; the main drivers being the cost of SEND provision (including out of borough placements) and staffing costs. Preventative services recorded an underspend of £0.070m.

Communities and Reform

- 3.8 The revenue outturn was an adverse variance of £0.367m, an improvement of £1.663m compared to the forecast adverse variance of £2.030m estimated at month 9. The overall adverse variance for Communities and Reform Portfolio was due to a number of COVID-19 pressures, the reduction of income for the Music Service, Outdoor Education, Sports Development, and pressures within the Leisure services contract. These pressures were partially mitigated by the reduction in service provision by the Heritage, Libraries and Arts and Public Health teams for expenditure such delivery of services in primary care and also by vacancies across the Portfolio.
- 3.9 The main reason for improved performance at the year-end was in relation to the final COVID-19 related compensation payments to the Leisure Services provider, further service underspends and the maximum utilisation of Government Grants to fund COVID-19 related expenditure.

Commissioning

- 3.10 The adverse variance was a result of the use of external contractors by the Procurement Service, the reduction of income generated against the Council's early payment discount scheme which in part is due to Government guidance (Procurement Policy Notice 2) in response to COVID-19 which encouraged immediate payment terms for all contracted services thus removing any benefit from an early payment scheme. There was also a reduction in summons cost recovery compared to expected levels, again due to the Government guidance on limiting debt recovery activity during the first half of 2020/21. The pressures were partially offset by vacancies within the Finance Division and reductions in non-pay costs.

Chief Executive

- 3.11 The favourable outturn position of £0.256m represents a £0.030m reduction compared with the forecast favourable variance at month 9 of £0.286m. The Chief Executive directorate has been impacted by COVID-19 in respect of income generation for the Registrars Service, land charges and the recovery of court costs in 2020/21. However, these pressures were mitigated by a reduction in costs such as the postponement of the local election in May 2020, fewer civic functions, reduced costs for the Coroners Services and vacancies within Legal Services.

Capital, Treasury and Technical Accounting

- 3.12 The outturn for Capital, Treasury and Technical Accounting was a deficit of £15.244m in the main due the impact of the pandemic on anticipated interest, dividend income and capital financing transactions.

Corporate and Democratic Core

- 3.13 This represents the revenue budgets concerned with the executive management of the Council and Elected Member related activities including policy making, representing local interests and democratic representation. Total expenditure was £6.731m with no variance to budget.

Parish Precepts

- 3.14 This consists of the payments totalling £0.310m made to the two Parish Councils, Saddleworth Parish Council and Shaw and Crompton Parish Council. There was no variance to the 2020/21 budget.

4 Other Revenue Outturn Issues

COVID-19 Grants

- 4.1 The Council received a range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts. These grants together with Business Rates reliefs were administered by the Council in line within the guidance received from Central Government.
- 4.2 Following the receipt of a Government grant the Council had to determine whether in administering the grant it was acting as an agent of Government or a principal as follows:
- a) As an agent the Council acted as an intermediary between the recipient and the Government and had no control of the grant conditions – with no flexibility in determining the level of grant payable
 - b) Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.
- 4.3 A full and detailed breakdown of the Grants Received in year is provided in the Narrative Report to the Statement of Accounts from page 32. A summary grant position is provided below.

Table 2 – COVID-19 Grant Summary

| | Total Grant Allocation £000 | The Council acting as Agent £000 | The Council acting as Principal £000 | Expenditure as at 31 March 2021 £000 | Grant Remaining as at 31 March 2021 £000 |
|-----------------------|--------------------------------|-------------------------------------|---|---|---|
| Total COVID-19 Grants | 107,727 | 78,859 | 28,868 | 86,865 | 20,862 |

4.4 In addition to the business grant funding and 18 COVID-19 specific grants, the Council also received unringfenced general grants to support its COVID-19 response totalling £28.106m. These were:

- Three tranches of general grant totalling £15.055m;
- One tranche of general grant funding received in 2019/20 but carried forward in reserves to support the 2020/21 financial position at £7.641m;
- Three tranches of Sales, Fees and Charges grant compensation at £2.955m;
- Local Tax Income Guarantee grant of £2.169m which has been carried forward to support the 2021/22 budget;
- New Burdens funding of £0.286m to support the introduction of business grants payment arrangements, and the management of Council Tax and Business Rate reliefs.

4.5 The Council also received compensation for Business Rate reliefs awarded at £25.182m

4.6 When taking into account the grants and additional funding discussed in this section, the Council received £161.015m of additional COVID related grant in 2020/21. This shows the extent of Government COVID financial support for the Council and Oldham from a wide range of grant initiatives. The accounting treatment of the grants is varied. Some are included within Notes 4, 5 and 15 to the Statement of Accounts and others are included in the Balance Sheet.

Schools and the Dedicated Schools Grant (DSG)

4.7 The total school balances for 2020/21 were £9.306m which was an increase of £3.819m compared to the 2019/20 total of £5.487m.

4.8 As advised at Note 6 to the Statement of Accounts, the DSG remains in deficit, a trend that first started in 2016/17. The Council has made efforts to reduce the DSG deficit and it has fallen from £4.916m in 2019/20 to £3.560m at the end of 2020/21. There is a clear Recovery Plan in place, agreed with Schools Forum, to bring the DSG to a surplus by the end of 2023/24.

4.9 For the first time, the DSG deficit is presented on the Movement in Reserves Statement as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations 2003 by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressure on resources required for other essential services.

Housing Revenue Account (HRA)

- 4.10 By 31 March 2021, the HRA generated an in-year surplus of £2.263m, after the required technical accounting adjustments, this resulted in a decrease of £0.425m to the level of balances. This compared favourably with the original budgeted deficit of £3.520m which was approved at the Budget Council meeting of 26 February 2020. Overall balances have decreased from £21.795m to £21.370m but this still shows a healthy level of resources to support future spending initiatives. There are plans in place to utilise HRA resources to support the delivery of the Council's Housing Strategy up to 2024/25. Details of the HRA are provided in the Statement of Accounts at Section 4.1.

Collection Fund

- 4.11 The year-end Collection Fund position shown below includes a release of the Collection Fund Surplus totalling £1.470m. Of that amount, £1.400m was allocated to Oldham Council to support the 2020/21 budget and the remaining amount was distributed to the preceptors.
- 4.12 The year-end deficit balance of £27.213m is largely due to the additional reliefs which were awarded to business ratepayers in 2020/21 due to the COVID-19 pandemic, primarily the Extended Retail Discount and Nursery Relief. The Council has received a compensating grant of £25.182m to offset in full the business rates which it could not collect given the awarding of the business rates reliefs to businesses.
- 4.13 The table below summarises the movements in the Collection Fund during 2020/21:

Table 3 – Collection Fund Position

| Collection Fund | Council Tax £000 | Business Rates £000 | Total £000 |
|---|---------------------|------------------------|---------------|
| Balance brought forward (surplus) | (184) | (3,111) | (3,295) |
| Prior year estimated surplus released in year | 410 | 1,060 | 1,470 |
| Deficit for the year | 3,220 | 25,818 | 29,038 |
| Deficit Balance carried forward | 3,446 | 23,767 | 27,213 |

- 4.14 Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the £25.182m Government grant funded Business Rate reliefs) gives the ability to smooth the impact of COVID-19 related deficits over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/22 budget and future years budget estimates have been prepared using this new facility.

Reserves and Balances – Financial Resilience

- 4.15 The level of General Fund reserves included in the Balance Sheet at £142.964m underpin the financial resilience of the organisation. These reserves are held to manage future risks and expenditure priorities. These are split into Revenue Account Earmarked Reserves of £113.512m and Other Earmarked Reserves of £29.452m. The latter are comprised of Revenue Grant Reserves of £20.145m and Schools Reserves at a sum of £9.306m. As previously explained, in 2019/20 Schools Reserves were netted down due to the deficit on the DSG, however, in 2020/21 the accounting treatment for this deficit changed and the deficit is now held separately as an unusable

reserve. The Revenue Grants reserve increased by £11.999m due to the impact of COVID-19 grants being held in reserve at year end.

- 4.16 The most significant movement in earmarked reserves was due to the receipt of compensation for lost Collection Fund income at a value of £25.182m. As outlined previously, these funds are to be used in 2021/22 to offset the loss of Collection Fund revenue due to the Government introducing Business Rate reliefs after the 2020/21 budget had been set.
- 4.17 Given how difficult it was to manage the financial position of the Council in 2020/21, given all the unprecedented events, it was encouraging that there was the flexibility to replenish some existing earmarked reserves and also to create additional reserves to improve financial resilience. Information on the reserves is presented at Note 15 in the Statement of Accounts.
- 4.18 The Statement of Accounts shows balances at the end of 2020/21 of £17.263m. This is an increase of £2.153m which is broadly in line with the originally calculated risk assessment for the following two financial years approved at the Council meeting of 4 March 2021. This movement has enhanced the Council's financial resilience going into 2021/22 and over the period of the Medium Term Financial Strategy.
- 4.19 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 with a new Index based on 2019/20 data released in February 2021. Reserves sustainability and change in reserves when compared to other Authorities was around the mid-point on the risk scale with a positive movement in the overall financial stress of the Council when compared with the previous year. The Index provided some useful information and confirmed the position that, leading into 2020/21, the Council was financially resilient. The Index will be issued again during 2021/22 to reflect the position at the end of 2020/21.

5 Capital Expenditure

- 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 £73.227m on its Capital Programme in 2020/21 compared to the forecast spending of £71.012m projected at Month 9 (a variance of £2.215m). The Capital Programme was financed using Government Grants, Capital Receipts and Prudential Borrowing (although there was no long term borrowing in 2020/21, the Council maintained the use of its cash balances to finance expenditure). 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 2020/21. There were no adverse variances to project spending merely the acceleration of expenditure compared to forecasts.

Table 4 – Capital Programme Outturn Compared to the Forecast Outturn

| Portfolio | 2020/21 Forecast £000 | 2020/21 Actuals £000 | Variance £000 |
|--------------------------------------|-----------------------------|----------------------------|------------------|
| Corporate Services | 16,302 | 16,806 | 504 |
| Children's Services | 9,099 | 11,176 | 2,077 |
| Communities and Reform | 121 | 57 | (64) |
| Community Health & Adult Social Care | 2,059 | 2,433 | 374 |
| Housing Revenue Account | 4,767 | 4,397 | (370) |
| People and Place | 38,664 | 38,358 | (306) |
| Total Expenditure | 71,012 | 73,227 | 2,215 |

6 Treasury Management

Investments

- 6.1 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 £68.540m of investments.
- 6.2 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 5 – Actual Performance Against Benchmark

| | Benchmark LIBID Return % | Actual Return % |
|-----------------------|--------------------------------|-----------------------|
| 7 Day | (0.07%) | 0.13% |
| 1 Month | (0.06%) | 0.27% |
| 3 Month | 0.02% | 0.46% |
| 6 Month | 0.08% | 0.63% |
| Average Return | | 0.30% |
| Target Rate | | (0.01%) |

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

7 Overview of Core Statements

- 7.1 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

- 7.2 They are included in the Statement of Accounts on pages 52 to 56. A commentary of the key issues arising in each Statement is set out as follows:
Comprehensive Income and Expenditure Statement (CIES)

- 7.3 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.

Table 6 – Comprehensive Income and Expenditure Statement (CIES)

| | 2020/21 | | |
|--|---------------------------|----------------------|-------------------------|
| | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| Chief Executive | 4,709 | (1,356) | 3,353 |
| Commissioning | 21,634 | (7,428) | 14,206 |
| People and Place | 76,464 | (23,808) | 52,656 |
| Children's Services | 267,569 | (192,255) | 75,314 |
| Community Services & Adult Social Care Reform | 118,414 | (63,156) | 55,258 |
| Capital, Treasury and Technical Accounting | 52,470 | (17,906) | 34,564 |
| Corporate and Democratic Core | 48,106 | (50,956) | (2,850) |
| Housing Revenue Account | 6,731 | - | 6,731 |
| | 15,637 | (28,636) | (12,999) |
| Cost of Services | 611,734 | (385,501) | 226,233 |
| Other Operating Expenditure | | | |
| Parish Council precepts | | | 291 |
| Levies | | | 33,591 |
| (Gains)/losses on the disposal of non-current assets | | | (1,352) |
| Total Other Operating Expenditure | | | 32,530 |
| Financing and Investment Income and Expenditure (a) | | | 29,327 |
| Taxation and Non-Specific Grant Income (b) | | | (286,567) |
| Deficit on Provision of Services (c) | | | 1,523 |
| Other Comprehensive Income and Expenditure | | | |
| Revaluation (gains)/losses non-current assets | | | (21,818) |
| Impairment losses on non-current assets | | | 190 |
| Surplus or deficit on revaluation of available for sale financial assets | | | (1,893) |
| Remeasurement of net defined benefit liability | | | 134,528 |
| Total Other Comprehensive Income and Expenditure (d) | | | 111,007 |
| Total Comprehensive Income and Expenditure | | | 112,530 |

Key points to note from the CIES are:

(a) Financing and Investment Income and Expenditure

- 7.4 Financing and Investment Income and Expenditure of £29.327m (detailed at Note 3) contains transactions relating interest payable and receivable and dividend income.

(b) Taxation and Non Specific Grant Income

- 7.5 The sum of £286.567m (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. There has been a rise in Grant income in 2020/21 of £26.382m, this is largely attributable to COVID-19 support grants received in year.

(c) Deficit on the Provision of Services

- 7.6 The Deficit on the Provision of Services of £1.523m 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.
- 7.7 As previously highlighted, the Council's outturn position for the year is a £2.153m 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

- 7.8 There are a number of elements to Other Comprehensive Income and Expenditure, the sum of which totals a surplus £111.007m mainly due to the remeasurement of the net defined benefit liability movement of £134.528m as mentioned in 7.10 below.
- 7.9 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.
- 7.10 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 2021. This remeasurement is based on the financial assumptions made by the Actuary based on market conditions at the 31 March 2021 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)

- 7.11 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 are adjusted by the net Surplus or Deficit shown above. The subsequent balance will then be available to support expenditure in 2021/22.
- 7.12 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.

Table 7 – Movement in Reserves Statement Summary

| | General Fund £000 | HRA £000 | Total £000 |
|---|----------------------|-------------|----------------|
| (Surplus) /Deficit on the Provision of Services | 3,785 | (2,263) | 1,522 |
| Total Technical Accounting Adjustments | (56,121) | 2,688 | (53,433) |
| Transfer to Earmarked General Fund Reserves | 50,183 | - | 50,183 |
| Net (Surplus)/Deficit | (2,153) | 425 | (1,728) |

Balance Sheet

7.13 The Balance Sheet below shows the Council's net assets have decreased by £112.530m in 2020/21 from £167.061m to £54.531m.

Table 8 – Balance Sheet

| 31 March 2020 £000 | | Note | 31 March 2021 £000 |
|--------------------------|---|---------|--------------------------|
| 734,215 | Property Plant & Equipment | 17 | 754,458 |
| 19,770 | Heritage Assets | 18 | 19,770 |
| 20,077 | Investment Property | 19 | 18,817 |
| 4,060 | Intangible Assets | | 4,271 |
| 50,095 | Long Term Investments | 21 | 55,615 |
| 22,508 | Long Term Debtors | 22 | 35,034 |
| 850,725 | Long Term Assets | | 887,965 |
| 40,775 | Short Term Investments | 21 | 40,671 |
| 621 | Inventories | | 517 |
| 43,225 | Short Term Debtors | 22 | 49,662 |
| 59,898 | Cash & Cash Equivalents | 23 | 21,597 |
| 310 | Assets Held For Sale (less than 1 year) | | 568 |
| 144,829 | Current Assets | | 113,015 |
| (1,716) | Short Term Borrowing | 21 | (6,697) |
| (68,456) | Short Term Creditors | 24 | (76,164) |
| (12,567) | Short Term Provisions | 25 | (9,761) |
| | Short Term Liabilities | | |
| (10,216) | - Private Finance Initiatives | 21,28 | (9,746) |
| (314) | - Finance Leases | | (302) |
| (1,108) | - Transferred Debt | | (1,180) |
| (94,377) | Current Liabilities | | (103,850) |
| (15,800) | Long Term Provisions | 25 | (15,666) |
| (168,364) | Long Term Borrowing | 21 | (168,355) |
| | Other Long Term Liabilities | | |
| (324,871) | - Pension Liabilities | 30 | (444,288) |
| (222,531) | - Private Finance Initiatives | 21,28 | (212,785) |
| (474) | - Finance Leases | | (349) |
| (1,224) | - Transferred Debt | | (44) |
| (17) | - Deferred Credits | | (17) |
| (835) | Capital Grants Receipts In Advance | | (1,095) |
| (734,116) | Long Term Liabilities | | (842,599) |
| 167,061 | Net Assets | | 54,531 |
| (146,515) | Usable Reserves | MiRS | (203,055) |
| (20,546) | Unusable Reserves | MiRS,16 | 148,524 |
| (167,061) | Total Reserves | | (54,531) |

7.14 The decrease in net assets is mainly attributable to the following movements:

- An increase in the Pension Liability of £119.417m 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 7.10.

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 £20.243m mainly due to Non-Current Assets additions in year.
- Long Term Debtors have increased by £12.526m in year. This primarily relates to Shareholder loans to a strategic investment partner in year.
- A decrease in Cash and Cash Equivalents of £38.301m which is discussed further at paragraph 7.15.

Cash Flow Statement

- 7.15 Cash and cash equivalents have decreased by £38.301m, this is largely due to a decrease in short term cash equivalent investment balances following the upfront pension payment to the Greater Manchester Pension Fund (GMPF) in 2020/21.

Table 9 – Cash Flow Statement

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Net deficit on the provision of services | (72,942) | (1,522) |
| Adjustment to surplus or deficit on the provision of services for non-cash movements | 130,091 | 32,125 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (29,948) | (23,533) |
| Net cash flows from operating activities | 27,201 | 7,070 |
| Net Cash flows from Investing Activities | (9,835) | (35,274) |
| Net Cash flows from Financing Activities | 9,303 | (10,097) |
| Net increase or (decrease) in cash and cash equivalents | 26,669 | (38,301) |
| Cash and cash equivalents at the beginning of the reporting period | 33,229 | 59,898 |
| Cash and cash equivalents at the end of the reporting period | 59,898 | 21,597 |

8 Group Accounts/ Annual Governance Statement (AGS)

- 8.1 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.
- 8.2 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.
- 8.3 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.

-
- 8.4 The Council has assessed its group boundary for 2020/21 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.
- 8.5 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 2020/21 Statement of Accounts.
- 8.6 The Annual Governance Statement (AGS) is incorporated within the Statement of Accounts. Member of the Committee will recall it was presented as a separate item for discussion at the Audit Committee of 29 June 2021. Members took the opportunity to ask questions about the AGS and were satisfied with the responses received. There have been no changes between the draft and final version of the AGS.

9 The Performance of the Finance Service

- 9.1 The preparation of the accounts represents just one outcome of the range of achievements of the Finance Team during 2020/21 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.
- 9.2 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.
- 9.3 The continuing challenges and restrictions facing the Council and the Finance Team as a result of the ongoing pandemic has made the completion of the final accounts a more demanding exercise. However, the Council handed over its accounts to the External auditors on 6 June, well within the revised timelines.
- 9.4 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 was made more difficult due to the current working environment with most colleagues working from home. However, as in previous years, this has been a real team effort.

10 Options/Alternatives

- 10.1 The Audit Committee members can either choose to:
- 1) Consider the Council's Statement of Accounts for 2020/21,
 - 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 having regard to the advice of the Director of Finance and the External Auditor.
 - 4) Or not to approve any of the above.

11 Preferred Option

- 11.1 The preferred option is that Audit Committee:

-
- 1) Considers the Council's Statement of Accounts for 2020/21,
 - 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 having regard to the advice of the Director of Finance and the External Auditor.

12 Consultation

- 12.1 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. The 30-day public inspection period is due to conclude on 28 July 2021.
- 12.2 The draft Statement of Accounts for the financial year 2020/21 was presented to the Audit Committee meeting of 29 June 2021 which was a key element of the consultation process. All questions and issues raised by Members were answered to the satisfaction of the Audit Committee.
- 12.3 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.

13 Financial Implications

- 13.1 Dealt with in the body of the report.

14 Legal Services Comments

- 14.1 There are no Legal implications.

15 Co-operative Agenda

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

16 Human Resources Comments

- 16.1 There are no Human Resource implications.

17 Risk Assessments

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

18 IT Implications

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

19 Property Implications

- 19.1 There are no Property implications.

20 Procurement Implications

- 20.1 There are no Procurement implications.

21 Environmental and Health and Safety Implications

21.1 There are no Environmental and Health & Safety implications as a result of this report.

22 Equality, Community Cohesion and Crime implications

22.1 There are no Equality, community cohesion and crime implications.

23 Equality Impact Assessment Completed?

23.1 Not Applicable

24 Key Decision

24.1 No

25 Key Decision Reference

25.1 Not Applicable.

26 Background Papers

26.1 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

27 Appendices

27.1 Appendix 1 – Statement of Accounts 2020/21
Appendix 2 – Changes to draft Statement of Accounts
Appendix 3 – Management Letter of Representation

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Oldham Council.

**Draft Statement of Accounts
2020/21**

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1.0 Preface

1.1 Introduction to the 2020/21 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Green



Councillor Abdul Jabbar MBE

As Cabinet Member for Finance and Green in 2020/21 I would like to welcome you to the Oldham Council 2020/21 Statement of Accounts. The preparation of the Statement of Accounts provides the opportunity to reflect on the past financial year and report on the current financial and non-financial position of the Council.

The year beginning 1 April 2020 was unlike any other. The challenges caused by the COVID-19 pandemic are unprecedented, both in terms of magnitude and the sheer breadth of the disruption to everyday life in the Borough. Those challenges remain, although I am pleased to say, that many of the initial pressures are now easing.

Just a year ago none of us could ever have imagined how different our lives would be today. Although restrictions have now eased, COVID-19 is still with us. We may not have to be social distancing, but many of us are still working from home, and for over a year we could not spend time with our loved ones, attend weddings or other family events as we usually would. We saw our businesses face ever changing restrictions or in some instances were unable to operate at all. Yet we have persevered. The entrepreneurial spirit that is very alive in Oldham has seen business owners completely change operating models, sometimes overnight. Parents and families adapted to homeworking and home schooling. The Council has initiated change to support Oldhamers and ensure essential services continue to be provided.

My political portfolio, with responsibility for green issues in Oldham means that I recognise that there have been some environmental benefits from the forced change which should be sustained in the future to support a cleaner and greener Oldham. Flora and fauna have returned to towns, cities and waterways. The amount of traffic on our roads was reduced to near 1950's levels at the start of lockdown, giving a very much needed boost to air quality. New initiatives will be taken forward during the COVID recovery phase and beyond so that we do not revert to many of the environmentally damaging practices.

As ever the Council continues to be at the heart of the community, distributing emergency funding to businesses, performing over 135,000 COVID-19 tests at facilities across the Borough in 2020/21 as well as providing food parcels and operating emergency helplines. As the vaccination roll out began, the Council again took a prominent stance coordinating the process with other public sector bodies, eventually supporting the delivery of over 78,000 vaccinations by the end of March 2021. I am personally very proud of the Council's response and the subsequent reduction in the prevalence of COVID-19 across the Borough.

Events of the last year have had a significant impact on the Council itself most of which could not have been anticipated at the start of the pandemic. What is certain is that the impact has not been limited to the 2020/21 financial year, but instead will continue to influence our lives for many years to come. The impact on the Council and its financial position will be discussed in detail through the Statement of Accounts, but it must be noted that managing significant sums of additional grant funding, including administering grants to support businesses provided challenges at times.

It is important to appreciate that many of the Council's underlying financial pressures have not reduced. Many of the services with significant adverse variances in 2020/21 continue the trend from previous years including the People and Place and the Children's Services portfolios, the latter reflecting increasing demand for Children's Social Care, which has been a factor in previous years.

Despite this, I am pleased that we have ended the year in a more robust financial position than was initially anticipated. However, as mentioned above, the short and long term effects of the pandemic are unknown. Therefore, we need to be prudent and ensure this financial position continues to be managed effectively.

As always, I would like to conclude by recognising the hard work and dedication shown by the Finance and Internal Audit teams throughout the year. Along with colleagues across the Council they have adapted to home working and maintained continuity of service throughout the toughest of times. This includes the production of this set of accounts, the work undertaken to set the 2021/22 budget along with the support provided in delivering key Council objectives.



Councillor Abdul Jabbar MBE
Deputy Leader and Cabinet Member for Finance and Green

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. Given the events of 2020/21, this role is even more vital and exponentially more difficult.

The effects of the COVID-19 pandemic have been felt to varying degrees by every household, every business, every school, every public sector and charitable organisation. Many people have suffered the devastating effects of illness, others have lost income or their livelihoods. Charities have lost the opportunity to raise funds and are therefore unable to continue their work to support the most needy in our society.

During 2020/21, Oldham Council rose to the challenge and took forward its leadership role and supported Oldham and Oldhamers as the Borough spent the majority of the year either under national lockdown or Tier 3 restrictions. The Council had distributed almost £73m in grant funding to businesses throughout the Borough by 31 March 2021, administered over £25m in COVID related Business Rates relief and over £3m of hardship relief to Council Tax Reduction recipients, managed almost £19m of other COVID specific grants as well as over £28m of general unringfenced grants.

The Council has worked successfully with the voluntary sector and provided help and support to those Oldhamers who had to shield. It introduced a wide range of initiatives to keep citizens safe as well as coordinating the testing and vaccination programmes across the Borough.

The Statement of Accounts gives an overview of the Council's finances for 2020/21, a financial year that has been unprecedented. The business as usual activities that were provided as well as COVID specific actions are reflected in the accounts. However, despite all the disruption, I am pleased to report that we have improved upon our strong financial position, which demonstrates once again the excellent standard of financial management and stewardship of the Council's resources and will help to safeguard against the continuing effects of the COVID-19 pandemic.

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 2020/21;
- 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.

The deadline for the preparation of the 2019/20 Accounts was extended due to the pandemic and it has again been revised for 2020/21. Recognising the multi-year impact of COVID, the deadline for the 2021/22 financial year has also been changed. The Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities. Therefore, the draft accounts for Authorities like Oldham, had to be issued by 31 July 2021 and the publication deadline for audited accounts moved from 31 July to 30 September 2021.

The requirement for the public inspection period to include the first 10 working days of June was also removed. Instead, the Council had to commence the public inspection period for its Statement of Accounts on or before the first working day of August 2021.

The Accounts were submitted to the External Auditor on 6 June 2021 in accordance with internal timelines, and significantly ahead of the revised statutory deadline.

The Council 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 draft accounts took place at the Audit Committee meeting on 29 June 2021.

I am proud to say that the Finance Team provides a high quality financial management service for the Council giving financial advice and support on all major projects and initiatives in which the Council is engaged. In addition to the preparation of the Statement of Accounts, a key task is financial planning. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is essential to supporting the Council's financial resilience and long-term financial sustainability. Given the current uncertainty arising from the COVID-19 pandemic and the short term nature of Government funding, it is more important than ever that we have a thorough understanding of our financial outlook and are planning effectively for the future.

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, anticipated pressures and new developments. 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.

Work to revise the MTFS took place through most of 2020/21. The updated MTFS, along with the balanced 2021/22 budget were presented for approval at the Full Council meeting on 4 March 2021. 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 2021/22 together with updated budget gap estimates for the period 2022/23 to 2023/24. This was a shorter timeframe than usual due to the challenges of estimating:

- how COVID will influence spending and income patterns in the future; and
- the impact of the anticipated Comprehensive Spending Review and the potentially significant changes to the Local Government funding regime, including Adult Social Care funding and the Business Rates system.

The Oldham Finance Team has worked to accelerated final accounts deadlines for many years, consistently delivering the Council's Statement of Accounts to a high standard, as acknowledged by our External Auditor in previous years. This is only possible because of the hard work and dedication of the Finance staff. This year has been especially challenging as most Finance Team

colleagues have worked from home for the majority of the year as a result of the continuing restrictions imposed by Central Government in response to the levels of COVID-19 experienced within Oldham and the Greater Manchester region. However, the team ethos has remained strong, and the excellent processes that are embedded within our working practices have provided a good basis to continue to produce the high quality accounts included here.

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 2021.

Introduction to the Narrative Statement

As has been outlined in the Preface to the Accounts and the Message from the Director of Finance, the financial year 2020/21 has been like no other. Along with the rest of the country and indeed the world, Oldham Council has had to manage the unprecedented challenges that COVID-19 has posed. From the start of the first national lockdown on 24 March 2020, and also in the weeks immediately leading up to the lockdown, COVID-19 has influenced every aspect of the work of the Council. Challenging though it has been, the Council has responded well, delivering a wider range of new initiatives as well as continuing to deliver business as usual services, adapting provision to align to the circumstances.

The accounts for 2020/21 reflect the nature of the activity that has been undertaken to respond to the pandemic but also to continue to provide essential services. The financial pressures of the increased and new activity were supported by substantial extra Government grant funding and this has had an impact on the outturn for the year. The administration of the grants presented new challenges for the Finance Service and the extent of the resources received is highlighted later in this document.

This Narrative Statement will cover the impact of COVID in more detail in the following sections but will firstly outline key information about the Council to provide background context.

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 237,100 (Office for National Statistics (ONS) Mid-Year Estimates 2019). Its population is projected to reach 261,018 by 2041 (ONS 2018-based projection). The population is very diverse with around 100 languages spoken and many different cultures coming together in one Borough. 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 2020/21 Municipal Year

The Council is made up of 60 Councillors from 20 wards across the Borough. A local election was planned for 7 May 2020 but due to the COVID-19 pandemic it was postponed. As a consequence the political make-up of the Council in 2020/21 remained as it had been since the previous election on 2 May 2019, albeit that 2 Labour Councillors subsequently resigned from office resulting in the following representation:

| | |
|------------------------------|----------------|
| Labour Party | 44 Councillors |
| Liberal Democrat Party | 8 Councillors |
| Conservative Party | 4 Councillors |
| Failsworth Independent Party | 1 Councillor |
| Independent | 1 Councillor |
| Vacant Seats | 2 |

The Labour Party had control of the Council during 2020/21, continuing with the driving ethos of a Co-operative Council.

Following the Local Elections on 6 May 2021, the Labour Party retained control of the Council but with a reduced majority (now holding 40 seats). This was followed, on 19 May 2021 by a change of Leader with Councillor Arooj Shah assuming the role previously occupied by Councillor Sean Fielding. The change in Leader will result in some reprioritisation of the Administration's aims and objectives with the emphasis being on cleanliness, regeneration of the Borough and of course COVID-19 recovery.

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. During 2020/21, the then Leader of the Council (Councillor Sean Fielding) had responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

During 2020/21, the Cabinet was comprised of nine Councillors. It exercised its responsibility for strategic decision making, 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 portfolio areas were broadly aligned to the Council's key service directorates, enabling the joint sharing of priorities. There continues to be a good working relationship 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 2020/21 was 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 2020/21 Cabinet structure is shown on the following diagram:

Economy and Skills

City region and devolution
External Relations
Policy and Performance
Communications and media
Regeneration and Infrastructure
Enterprise and Business Support
Corporate property and assets
Oldham Town Centre and Markets
Get Oldham Working
Employability
Work and Skills Strategy

HR and Corporate Reform

HR and Organisational Development
Council Workforce and Work Progression
First Response
District Working
Early Help
Public Service Reform
Community Safety and Policing
Youth Justice
Community Justice
Probation Services

Finance and Green

Finance
Capital Projects and Investment
ICT and Transactional Services
Internal Business Support Unit
Revenues and Benefits
Customer Services (Including Contact Oldham)
Energy
Green New Deal
Unity Partnership

Education

Education and skills commission
Education Alliance
School place planning
Looked after children – educational performance

Neighbourhoods and Culture

Transport
Highways
Trading Standards
Registrars and Cemeteries
Car Parking and Enforcement
Street Lighting
Environmental Services
Libraries, Heritage and Local Studies
Culture and Arts
Waste and Recycling
Licensing

Children and Young People

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

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
Mental Health

Housing

Strategic Housing
Housing Quality Enforcement
Planning and Building Control
Homelessness

Covid-19 Response

Community Cohesion
Community and Wealth Building
Unemployment
Isolation
Community Engagement

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. There was no change in 2020/21. 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 Health and Adult Social Care (DASS)* and the Managing Director Children and Young People (DCS)**. The structure is shown in the table below.

* DASS is a statutory role, the Director of Adult Social Services

** DCS is a statutory role, the Director of Children's Services

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.

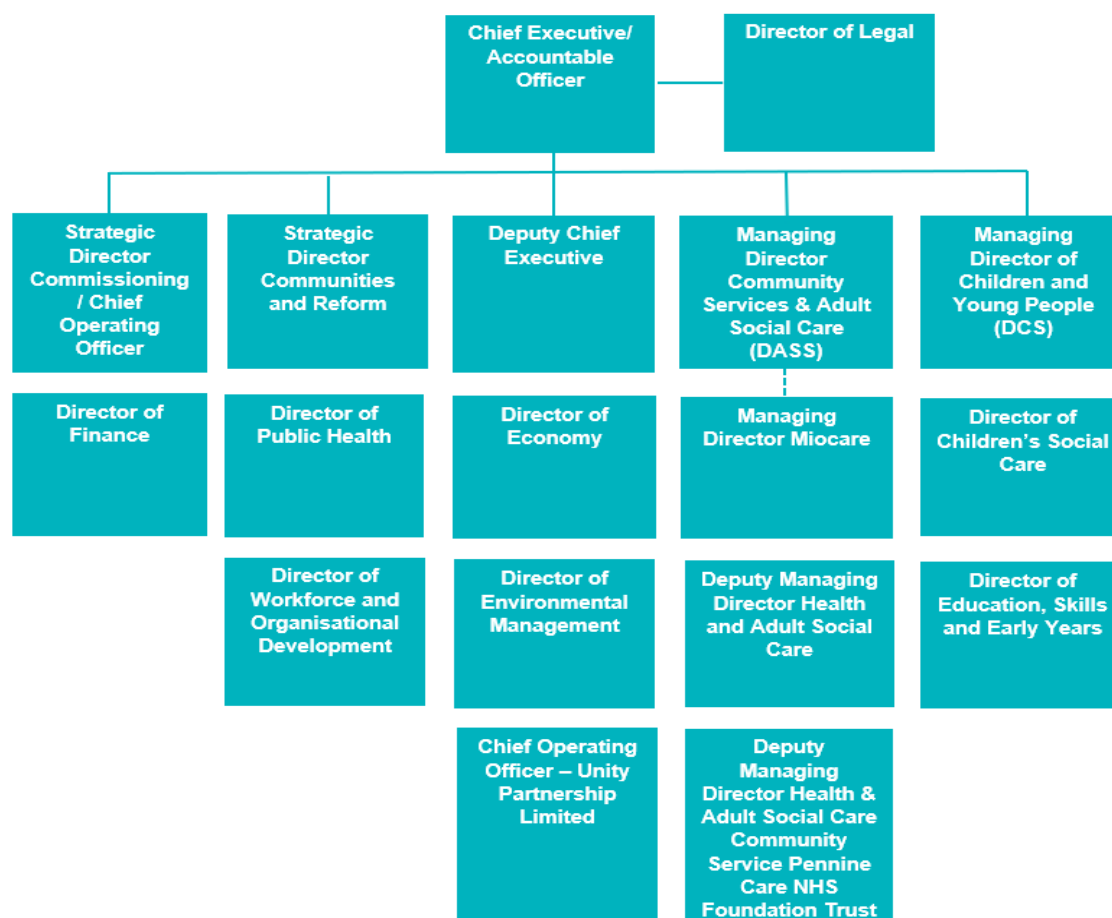
From an operational perspective, EMT and the Senior Management Team (SMT), which is comprised of Service Directors, is integrated into a single management meeting and is chaired by the Chief Executive. The Director of Finance attends SMT meetings in her role as the Council's Chief Finance Officer, the 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. For most of 2020/21, the Chief Executive was seconded on a part time basis to the Department of Health and Social Care in the newly created role of Contain Divisional Director for Test and Trace.

Operating as Oldham Cares, the management and reporting structure of both the Council and the CCG have been integrated to create a Joint Leadership Team (JLT) which meets on a weekly basis. JLT is comprised of members of EMT plus 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 Council's wholly owned companies, the Unity Partnership Ltd. and MioCare Community Interest Company (CIC) are also part of SMT.

Senior Management Team – Council Structure



Council Employees

At the start of April 2020, the Council employed 2,636 people (excluding school-based employees). By March 2021 this had decreased by 3.22% to 2,551. The Council continues to deliver its recently refreshed Workforce 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 co-operative partnerships with other employers and community members alike.

Co-operative Council in a Co-operative Borough

Oldham Council became a Co-operative Council in 2011. The Council is committed to developing a Co-operative future; one where citizens, partners and staff work together to improve the borough. The Council encourages all members of the community to play an active part in building a co-operative borough. This means everyone doing their bit.

To help realise this ambition, the Council has developed co-operative values and behaviours. All staff, citizens and partners are encouraged to adopt these values.

Co-operative Values and Behaviours



Oldham's values driven approach underpins the way the Council does business. In practice, this means maximising the positive social, economic and environmental impact that can be achieved. From maximising social value achieved through procurement practices, to paying all staff the Foundation Living Wage, the Council is using its influence as a commissioner, service provider, facilitator and employer to embed co-operative values across Oldham. However, the Council is not doing this alone. Oldham has a strong Strategic Partnership structure and plan that has driven the reform, integration and shared economic agenda both in Oldham and within Greater Manchester.

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 Plan 2017-2022 is a collective action statement explaining how the Council and partners can all best serve Oldham by helping its people, districts and businesses to thrive. This involves recognising shared challenges and agreeing mutual ambitions and all partners working together to identify what each can contribute to obtaining better results. In this way it means that everyone does their bit and everyone benefits. The Oldham delivery model is based around three fundamental shifts which work together to deliver the ambitions of the Oldham Plan. These are:

Inclusive Economy – Ensuring a fairer economic system where people have the chance to succeed.

Thriving Communities – Oldham is a place where social action and social and community infrastructure means something.

Co-operative Services – Developing integrated public services that work in an asset-based way to meet the needs of people and communities.



The Corporate Plan

Oldham's current Corporate Plan expired in December 2020. Work to refresh Oldham's Corporate Plan was due to be completed by summer 2020, however, the impact of the COVID pandemic meant that this was no longer possible. Instead, the Council has developed a COVID Recovery Strategy which will act as an interim Corporate Plan until at least 2022.

Oldham Council and the Impact of COVID-19

The financial year 2020/21 has been unlike any other year. The Council had to adapt to evolving events as the country moved in and out of lockdown and various tiered restrictions. It required flexibility and adaptability to respond to an ever changing national and local scene.

For the first part of the year, following on from procedures initiated in March 2020, enhanced management arrangements were put in place 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, support appropriate decision making (including the use of emergency powers as allowed for in the Councils Constitution), clear communication and inter-agency cooperation. Although this structure remains in place, from December 2020, the frequency of meeting reduced and some of the individual groups were amalgamated as the intensity of the response lessened and practices had become well established.

The response required from each of the Council's service areas was different but nonetheless important. At the frontline initially was the Community Health and Adult Social Care team which right from the start of the COVID emergency had to implement new working arrangements. In April 2020, 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.

The intensity of this work reduced during the year as systems and processes became embedded. However, the scale of the challenge did not diminish. The response to COVID was to the forefront of Adult Social Care services for the whole of the financial year and continues to be so in 2021/22.

Utilising additional unringfenced funding made available to the Council by Government, new measures were introduced including the suspension of the Adult Social Care annual fee increase consultation process and replacing it with an immediate 5% uplift in fees for care providers. There was also 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. This support for the care homes and those in receipt of care was paramount and continues to be so.

In addition, Government announced specific grant funding to support the care sector in the form of two round of Infection Control Grant, most of which was paid via the Council, directly to care providers and then later the Workforce Capacity Grant and Rapid Testing Fund.

All these measures were supported by the NHS via Oldham CCG accessing a national fund set up to 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. Whilst during the year the NHS funding to support hospital discharges reduced, with the introduction of 'Scheme 2' support it remained in place all year and provided essential financing to offset the expenditure the Council was incurring. By the year end, £9.728m had been received from this source.

The Council worked closely with Head Teachers to firstly manage school closures for all except the children of key workers and then to work through the practical issues of re-opening schools to the wider schools family. As there were several closures and re-opening events, the practical issues became clearer although no less challenging, but good working relationships were maintained. Of key importance was the balancing of the health and wellbeing of the children, school staff and the wider community.

COVID has had a widespread impact on the workforce of the Council and the way in which the Council delivered services. The Council utilised technology to allow office based staff to work seamlessly from home to minimise disruption to services. For those officers who could not work from home, such as those engaged in refuse collection, working practices were adapted to ensure their safety, health and wellbeing. Some Council facilities closed and then reopened and closed again as various restrictions were eased and then re-introduced. Where appropriate, staff were redeployed to services such as the Community Support Hubs, community swabbing and vaccination support functions. As restrictions have now been lifted, the Council is now opening up services and phasing a return to more normal operating arrangements.

However, it is clear that there will not be a return to a traditional office based service provision. The new opportunities provided by technology show how home working can be successful and a blended approach to home/office working is likely to be introduced post pandemic. This is likely to be a feature of the new Council office facilities that will be developed through the Council's major regeneration programme encompassed within the Creating a Better Place strategy. This programme has gained even greater significance as it will drive the post COVID recovery in the Borough.

Increased customer engagement using technology has also proved successful, and whilst there will continue to be some face to face or telephone contact, much more can be done online and this will be the way forward for Council service delivery, having regard to equality and fair access to services for all.

Adopting the measures set out in the Government's Procurement Policy Note 2 (PPN2), the Council introduced revised payment procedures to ensure suppliers at risk were able to resume

normal contract delivery once the pandemic eased. The impact on suppliers has varied and changed over time. In April 2020, immediate payment terms were introduced for suppliers 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. During the year, this process was relaxed as the immediate impact on businesses lessened and more usual contractual arrangements were resumed.

COVID led to pressures in relation to the collection of both Council Tax and Business Rates as residents livelihoods were affected and businesses struggled under lockdown arrangements. The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Taxpayers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July 2020 to March 2021. It is clear that Collection Fund (Council Tax and Business Rates) debt has increased and the limited opportunities to pursue recovery at the Magistrates Court proved problematic. The Council received £3.015m from the Government in the form of a Hardship Fund to provide £150 Council Tax relief for Council Taxpayers of working age in receipt of Council Tax Reduction. The grant was applied in full and helped support both the individuals and the financial position of the Collection Fund as it guaranteed £3.015m of revenue in lieu of Council Tax income.

Other income streams, such as car parking, school catering, registrars services, licencing, planning and building control were all disrupted. The support provided by the Governments Sales, Fees and Charges grant compensation scheme was essential. The on-going challenge will be for the Council to restore the lost or deferred income streams to avoid placing an additional burden on the people and businesses of Oldham whilst at the same time attempting to manage its finances effectively. The success in restoring income streams will not become evident for some time.

During 2020/21, the Council had to manage a significant amount of grant received from Central Government. This meant that the Council did not face any cash flow challenges but at times this stretched the treasury management function in managing all of the cash movements.

In order to support local businesses, the Council administered business rate reliefs and the range of business grants that the Government announced. This required a speedy mobilisation right at the start of the pandemic in order to apply reliefs and pay eligible businesses their grants as quickly as possible. More detail is provided on grants managed by the Council later in this Narrative Statement.

Given the financial challenges facing the country and the Local Government sector, the Ministry of Housing Communities and Local Government (MHCLG) requested Local Authorities provide monthly updates on their financial position via a single questionnaire which was later expanded with a separate return being submitted in relation to lost Sales, Fees and Charges income. This gave the MHCLG an understanding of the overall financial pressures and the position of individual Local Authorities. This information in turn was useful in supporting the Councils budget monitoring process.

During 2019, the Council invited the Local Government Association (LGA) to Oldham to undertake a sector led approach to improvement, a Peer Review. This took place from 21 to 24 January 2020 and focussed on five core components comprising vision and priorities, leadership of place, organisational leadership and governance, financial planning and resilience and capacity to deliver. This review took place as the pandemic was emerging but before its significance was fully appreciated.

By the time the review findings were formally received in March 2020 the pandemic had taken hold. The findings were generally positive, recognising the many strengths of the Council, the response to the (pre COVID) challenges being faced and the way that the Council was working to take forward the Borough. Although the Council welcomed the review and embraced the recommendations made as a means to strengthen many of the activities already in train, the

pandemic and the Council's COVID response took a higher priority and as such it has delayed the full adoption of the Action Plan that was prepared to drive forward the recommendations, although this will be resumed during 2021/22.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code was first issued in 2019/20 with full guidance following in 2020. 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 are supported by specific standards of practice which CIPFA considers necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code. The initial implementation date of 1 April 2020 was revised to 1 April 2021.

Work was initially undertaken to review the Council's compliance with this Code and this exercise was revisited during 2020 and 2021. Compliance in most areas can be demonstrated, however given the impact of the pandemic on the priorities of the Finance Service and the Council as a whole, progress towards full compliance has been delayed. An Action Plan has been prepared which will be progressed in 2021/22 to ensure that the identified improvements are introduced and that the wider organisation embraces the recommendations of the Code.

Key Service Issues and Developments

Whilst COVID has impacted on all areas of the Council's activity, there are other important matters which also have a bearing when considering the operating environment and the financial position of the Council. These are set out in the following sections and, as would be expected, also highlight a COVID impact.

Health and Social Care Integration

Since April 2016, Greater Manchester has been 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 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.

Health and social care teams are now more closely integrated with five cluster teams across the borough where staff are co-located. The Locality Plan developed jointly between Oldham Council and 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 focussed on what people can do;
- 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 brings together and aligns 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.

Throughout 2020/21, as the Community Health and Adult Social Care Directorate worked to deal with COVID in the community and care homes, it drove ever closer working arrangements with

the NHS and an acceleration of integrated working. In November 2020, the Government released new guidance in respect of the next steps in integrating care. This will work on the basis of Place, Provider Collaboratives, Integrated Care Systems (ICS) and national and regional bodies. It will also mean that Clinical Commissioning Groups (CCG's) will no longer exist after April 2022.

The Council's relationship with the Oldham CCG will therefore change as the system evolves and localities come together under a Greater Manchester Integrated Care System which will have a focus on population health. At a locality level an Oldham Integrated Health and Care System is being established, building on progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for all, setting out legislative proposals for a Health and Care Bill likely to be enacted in 2022. The implications of this White Paper will also influence the future direction of working arrangements between the Council and NHS partners. However, the ambition remains to work closely in partnership, with the NHS and Local Government as equals in the Integrated Care system.

An earlier section described the current 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 agreement. This S.75 agreement (made under the provisions of S.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 2020/21, as Oldham Council and Oldham CCG continued working together to deliver the response to COVID, the Council was able to seek support from the CCG under the S.75 agreement, expanding the pool value to £176.632m. This was made up of £62.633m of Council resources and £113.999m of CCG resources. Within the overall pooled resource total there was £21.875m to support the timely discharge from hospital and the wider care market as a consequence of the COVID-19 pandemic. See Note 11 for more detail on S.75 expenditure.

Education and Early Years

In October 2019, Cabinet approved an Education Provision Strategy to ensure there are enough school places available to local children and young people. Despite the challenges caused by the pandemic, this was taken forward during 2020/21. The Council has the statutory duty to secure sufficient primary and secondary schools, although to provide this the Council collaborates with schools and other partners to deliver the places needed. Although there were some delays to the planned programme, capital expenditure was incurred on several school expansion projects during the year and further activity is taking place across the Borough to both enhance current provision and provide new places for young people with good and outstanding providers.

Oldham Learning was formed after extensive sector consultation during the 2019/20 academic year and is now the school improvement delivery function in Oldham, combining work that was previously performed by the Local Authority, Education Partnership and Opportunity Area. Oldham Learning was initiated on 1 September 2020, with initial funding agreed through the Local Authority and Opportunity Area Grant. The intention is to develop a self-sustaining offer that schools and academies value.

In September 2020, the Special Educational Needs and Disabilities (SEND) Partnership Board requested that the SEND Strategy and Development Plan was reviewed to consider the impact of the COVID pandemic on services, children, young people and families and the impact on the strategy. Following the review, the revised Development Plan and outcomes to be achieved by the end of year one were shared with the SEND Partnership Board on 26 November 2020. Further

work on the Plan is being progressed in 2021 and an updated strategy and Development Plan will be presented to Cabinet for approval.

A number of key initiatives have been introduced around ensuring sufficient provision is available across the mainstream and special schools estate in Oldham for children and young people with SEND. This also connects with the:

- Approved 2021/22 budget reduction which aims to make savings by bringing back to Oldham schools, a number of children and young people currently educated outside of the borough, following statutory review processes;
- Recovery Plan that the Council and Schools Forum are taking forward to move the Dedicated Schools Grant (DSG) back to a surplus position.

The DSG first fell into deficit 2016/17. It is an important element of the financial management of the Council that the DSG is not in a deficit position and there has been action to address this. However, this action has been more than offset by the increasing numbers of children with special needs entering the education system in previous years.

Such deficits have come under increasing scrutiny from the Department for Education (DfE) and during 2019, the Council was required to submit a Recovery Plan to the DfE as its DSG deficit was more than 1% of the total value of the DSG as at March 2019. As a consequence, since then, the Council's DSG deficit has remained under review.

On 25 June 2020, the Education & Skills Funding Agency (ESFA) issued the DSG: Conditions of Grant 2020/21 which changed the Government's approach to DSG balances. This was reinforced by the DSG: Conditions of Grant 2021/22 which stated that a Local Authority that has an overall deficit on its DSG account at the end of the 2020/21 financial year, or whose DSG surplus has substantially reduced during the year, must co-operate with the Department for Education to address the situation.

The Council has been working hard to reduce the DSG deficit and as can be seen at Note 6, the deficit has reduced from £4.916m in 2019/20 to £3.560m at the end of 2020/21. There is a clear Recovery Plan in place, agreed with Schools Forum, to bring the DSG to a surplus in 2023/24 and the Council is continuing to liaise with the DfE regarding progress in addressing the DSG financial position.

Children's Social Care

From 13 to 15 October 2020, Ofsted conducted a focused visit in Oldham based on how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on society during the COVID pandemic. The majority of findings were overwhelmingly positive, and no immediate priority actions were identified. Inspectors recognised that a sharp focus was maintained on improvement priorities during the period from April to October 2020 and that this has increased the pace of improvement that was already planned and had a positive impact on workforce culture. Further work has been taken forward during the latter part of 2020/21 to transform service delivery and help support greater efficiency and budget reductions. As is evident from the outturn highlighted later, that in 2020/21 and also in previous years, despite investment in Children's Services and Children's Social Care in particular, expenditure has exceeded budget. In addition to the increased cost as a result of higher demand, reprioritisation as a result of COVID has slowed planned transformational work. However, having stabilised the position with some additional resources for 2021/22, there is the opportunity to continue the transformation process.

Employment and Skills

Oldham is home to over 6,880 businesses (a 10% increase since 2019/20) employing roughly 81,000 people. As is consistent with the North West economy, this is dominated by micro, small or medium-size enterprises (fewer than 10, 10 to 50 and fewer than 250 employees respectively) with Oldham having a slightly higher proportion of small companies (11% compared to the 9.2% North West average).

The employment rate in Oldham has increased from 67.5% (2018) to 70.9% (December 2020) and whilst having fluctuated over time has shown an upwards trend since 2015 but remains lower than both the GM (72.5%) and national averages (75.4%). The Borough has high rates of residents with long term illness or disability and large numbers of residents 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. In 2020, 7.1% of residents had no qualifications (GM: 5.1% UK: 4.9%) which is a significant improvement since 2010 when 16.5% of Oldham citizens had no qualifications (GM 12.8% and UK 11.3%).

The Council is dedicated to improving skills and employment opportunities and key to sustaining progress is the Creating a Better Place strategy which will create over 1,000 jobs and 100 apprenticeships.

The Oldham Lifelong Learning Service (OLLS) was negatively impacted by COVID-19 but continued to enrol around 2,865 learners (a 31% reduction compared to the previous year). The Service has sustained high overall achievement (formerly success) rates for classroom learning over the past three years. The Service's pass rate remained high at 98.5% but the retention rate dropped from 95.8% (2018/19) to 86.5% as a consequence of COVID-19 and subsequent national lockdowns. OLLS was graded as Outstanding in its last Ofsted report.

The Get Oldham Working initiative has once again succeeded in winning new contracts (Job Entry Targeted Support) and National Careers Service extension. It has continued to help create work-related opportunities, more than 12,840 since its inception in May 2013. This includes over 9,224 jobs, 1,696 apprenticeships, 363 traineeships and more than 1,556 work experience placements, of which over 10,067 opportunities have been filled by Oldham citizens.

Housing

The Housing Strategy was introduced in 2019 to help address increased demand for all types of housing, including supported accommodation, town centre living and larger affordable family housing, due to the ongoing growth trends in Oldham's population. It is a strategic document to help promote future service models and seeks to place housing and place shaping at the heart of the Oldham Partnerships collective vision for the borough.

The Housing Strategy amongst other things:

- Enables the Council to determine priorities in each district or local housing market area as defined by the Local Housing Needs Assessment evidence base;
- Informs bids for both public and private funding to support the development of new homes in Oldham;
- Supports the Council and its partners to make more informed People and Place making decisions about the targeting and future integrated commissioning priorities and underpins external funding bids to support investment in existing housing services and stock in Oldham.

The delivery of the Housing Strategy objectives has undoubtedly been disrupted by the COVID pandemic. However, in line with the refreshed Creating a Better Place Strategy, work is underway to develop and deliver a programme of town centre housing development currently focused on the identification and assembly of suitable residential development sites. Work is also underway to determine a suitable delivery model for such development.

The Housing Service in Oldham has, in line with Government and Greater Manchester Combined Authority (GMCA) initiatives, provided support to the homeless during the pandemic. The Council received £0.149m of specific housing grants in 2020/21 which it utilised during the year in line with Government guidance and a further £0.046m of grant for housing services will be used in 2021/22.

Creating a Better Place

The Council's Creating a Better Place Strategy was established in 2019/20 and is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit with lots of family friendly and accessible places to go. The strategy sets out the potential to deliver 2,400 new homes, and as advised above, 1,000 new jobs and 100 new opportunities for apprenticeships.

In August 2020, a revised vision and strategic framework for 'Creating a Better Place' was approved which placed more emphasis on economic recovery, given the impact of the pandemic, and sought to accelerate the potential for generating revenue budget savings. The strategy complements the Oldham Green New Deal Strategy which aims to deliver carbon neutrality for the Borough by 2030 and is also aligned with current priorities that are set out in the Council's COVID recovery plan.

Following the introduction by Government of revised Public Works Loan Board (PWLB) lending criteria which were designed to strongly discourage Local Authority commercial investment activity, some £90m of schemes which were primarily associated with corporate property investment activities or which would not make a sufficient contribution to strategic objectives were removed from the Creating a Better Place strategy.

In October 2020, the Council acquired the Spindles and Town Square Shopping Centre which is located in the heart of Oldham Town Centre. The asset includes 450,000 sq. ft. of space (primarily retail) which, with redevelopment and more effective use, will support the regeneration of Oldham Town Centre and the delivery of the wider Creating a Better Place Strategy. The acquisition allows the Council to relocate Tommyfield Market into the shopping centre to ensure it has a sustainable future. Repurposing space within the centre will also unlock other sites across the Borough to facilitate the provision of brand new housing; especially within the town centre.

Shortly after the approval of the revised Creating a Better Place strategy, the Council commenced a fundamental review of property assets. The objective is to ensure the Council's assets are cost-effective and support modernised working arrangements and service delivery models.

The Creating a Better Place Strategy encompasses almost £288m of capital investment over a five year period. Alongside the property asset review, the aim is to deliver revenue savings of £8.2m per annum which are reflected in the Council's latest approved Revenue Budget and Medium Term Financial Strategy. These savings largely rely on asset disposals and the completion of capital schemes which can take time to deliver meaning their realisation will occur in 2022/23 and 2023/24. The key programmes which form part of the Creating a Better Place strategy are:

- Schools - A range of new build and school expansion schemes to ensure there are sufficient school places for the Borough's children. Schemes include the provision of a new secondary school at Saddleworth and the expansion of North Chadderton school.

- New Homes – As highlighted above, the aim of the Housing Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focusses on the dynamics between people, homes and the wider economy.
- Town Centre Regeneration - The Council continues to deliver considerable investment in the town centre as evidenced by the recent acquisition of the Spindles and Town Square Shopping Centre. The centre's redevelopment will release other town centre sites for the provision of housing and additional green space
- Borough-Wide Regeneration - The Council is investing in borough-wide regeneration initially via initiatives through housing and employment sites at Broadway Green and Hollinwood but will take advantage of suitable development opportunities throughout Oldham in order to advance its regeneration objectives.

Leading the Oldham Recovery from COVID

Having highlighted all the challenges that COVID has presented, it is important to have regard to the work that has taken place during 2020/21 and continues in 2021/22 to support the recovery from COVID. The Council has developed a COVID Recovery Strategy with all Directorates and service areas are being engaged to identify key priorities for the organisation in moving towards a post COVID environment, as well as how those priorities align to the wider Oldham model.

Building on the learning so far and the anticipated events to come, the Strategy is pivotal in shaping the Council's approach and vision for Oldham over the next eighteen months. This work is being taken forward whilst the Council continues to respond to the COVID pandemic.

The objectives and approach to the Councils' Recovery Strategy are rooted in the Oldham Model, ensuring as the Council adapts to a changing world that it builds Thriving Communities, an Inclusive Economy and works Co-operatively with partners and stakeholders.

During 2020/21, the emphasis was on taking forward the principles linked to the immediate response to COVID whilst preparing for a post-COVID environment. As 2021/22 develops, the initiatives that the Council has put in place during 2020/21 should see Oldham moving forward and where possible being in a better place than it was pre-COVID.

The Finances of the Council in 2020/21

The 2020/21 Revenue Budget Process

The 2020/21 revenue budget was approved on 26 February 2020, however the process behind setting the balanced budget effectively started at the 2019/20 Budget Council which considered the Medium Term Financial Strategy (MTFS) for 2019/20 to 2023/24. 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 2020/21 was £22.871m.

As would be expected, this target was subject to constant review with the budget reduction requirement eventually decreasing to £18.169m. Work took place throughout 2019/20 to address the budget reduction requirement. Using the well-established Member review forum, chaired by the Leader of the Council and comprising of the other members of the Cabinet and SMT, there was a review of the financial pressures facing the Council alongside available funding and resources, with a number of revenue budget reduction proposals considered to help address the budget reduction requirement. 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. Although no consultation was required with the public or staff, the budget reduction proposals were subject to Member scrutiny at the Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee on 23 January 2020.

The 2020/21 budget was balanced by new budget reductions of £3.011m and £1.776m approved with the 2019/20 budget. It also relied on the use of one-off measures; £3.750m from the flexible use of capital receipts to fund transformational projects, £1.400m Collection Fund surplus, and £10.008m of reserves.

The initial net revenue budget of £233.524m was approved at the Budget Council meeting of 26 February 2020, with the budget report also including the MTFs setting out anticipated budget reduction requirements for 2021/22 to 2024/25. 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 2020/21 and the Statement of the Chief Finance Officer on the Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments.

Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. The Government allows Councils 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.

Within the Local Government Finance Settlement (LGFS) for 2020/21, the Government confirmed the referendum limit for general Council Tax at a maximum increase of 2% for 2020/21. This was 1% lower than for 2019/20. However, mindful of the financial position of the Council but also the impact of a further increase in Council Tax on the citizens of Oldham, Members agreed to limit the increase of Council Tax for general purposes to 0.99%. The threshold for ASCP increases was a maximum of 2% for 2020/21 and Members agreed to the maximum increase. The Council used the funds generated from this precept to finance Adult Social Care expenditure in accordance with Government requirements. When combining the general Council Tax increase with the ASCP, this resulted in a total increase of 2.99%. As in previous years, Parish Councils were excluded from the referendum limits.

The comparison of Council Tax Band D levels from 2019/20 to 2020/21 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 2020/21 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 Raising Body | 2019/20 £ | 2020/21 £ | Increase £ | Change % |
|--|-----------------|-----------------|---------------|--------------|
| Oldham Council (Includes Adult Social Care Precept) | 1,624.36 | 1,672.92 | 48.56 | 2.99% |
| Mayoral Police & Crime Commissioner Precept | 198.30 | 208.30 | 10.00 | 5.04% |
| Mayoral General Precept (incl. Fire Services) | 76.95 | 90.95 | 14.00 | 18.19% |
| TOTAL BAND D COUNCIL TAX | 1,899.61 | 1,972.17 | 72.56 | 3.82% |
| Saddleworth Parish Council Precept | 21.76 | 22.76 | 1.00 | 4.60% |
| Shaw & Crompton Parish Council Precept | 16.53 | 16.86 | 0.33 | 2.00% |

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 business 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 has been used to support the budget over several financial years. Oldham's share of these benefits supported the 2019/20 budget by £1.718m with funding made available during 2018/19 arising from the benefits of the GM 100% Business Rates Retention Pilot Scheme and £1.825m of GMCA Business Rates Retention Pilot Scheme surplus resources. For the 2020/21 budget, the equivalent figures were £1.300m of additional resources made available during 2019/20 arising from benefits of the GM 100% Business Rates Retention Pilot Scheme and £1.413m of GMCA returned surplus resources.

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

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

Projected Level of Balances

A significant issue, both in relation to the 2020/21 budget and the MTFS to 2024/25 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 26 February 2020 Council meeting the recommended balances (prepared using a risk-based analysis) were approved as £14.991m for 2020/21, £15.187m for 2021/22 and £15.241m for each of the years 2021/22 to 2023/24. The 2019/20 accounts were closed with balances of £15.110m providing financial assurance for 2020/21. As discussed later, the balances at the end of 2020/21 increased to £17.263m.

Revenue Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor both revenue and capital budgets and mitigate any forecast over spending. Historically this has been very successful in monitoring budget reductions and acting as an early warning that any approved 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.

Clearly the single biggest challenge during 2020/21 has been accounting for and monitoring the financial impact of the pandemic. At month 9 (31 December 2021) Government specific COVID-19 funding totalling £48.390m was forecast to be received (excluding compensation for the awarding of Business Rate reliefs) to provide both general support and to fund a diverse range of specific COVID related initiatives. In addition, the Council was able to reclaim social care costs, predominantly linked to hospital discharge from the NHS via Oldham CCG; £10.401m was forecast to be received in the final monitoring report. Periodic returns in relation to additional

COVID expenditure and also claims for lost Sales Fees and Charges income had to be submitted to MHCLG and the monitoring process had to be adapted to be able to accurately capture, record and report the relevant costs. A further consequence of the pandemic was the inability to fully deliver a number of the budget reductions that were included in the 2020/21 approved budget.

Revenue and capital budget monitoring information is reported to Cabinet and then to the PVFM Select Committee. Given the impact of the pandemic, the frequency of reporting was increased to monthly from periods 3 through to 9. This was important to ensure that Members were sighted on the financial challenges and the ever changing level and nature of Government support for COVID. The process also facilitated a good level of challenge, including reviewing any potential impacts on service performance. In addition to the monitoring reports, during 2020/21, the PVFM Select Committee also considered, amongst other things, wider budget updates including revisions to the 2021/22 budget reduction target, reports on the financial position within Children's Social Care, the Regional Adoption Agency and performance and financial updates on both MioCare CIC and the Unity Partnership Ltd.

For the first time in a number of years, the governance structure of the Council was unchanged; the arrangements introduced in early 2019/20 remained in place throughout the whole of 2020/21 and the budget monitoring format therefore remained comparable to 2019/20.

At the point of the first monitoring report for 2020/21 it was clear that the pandemic was going to have a significant and potentially lasting impact on the financial position of the Council. The month 3 monitoring report for the period ending 30 June 2020 presented to Cabinet on 20 August 2020 advised, that compared to a net revenue budget of £243.509m, there would be a £21.299m adverse outturn without corrective action being taken or mitigating funding being made available. Of this variance, £17.112m was attributable to COVID-19. This was after offsetting the gross expenditure with £16.638m of general COVID grant funding that had been received at that point (including £7.641m received in 2019/20 and carried forward as a reserve), leaving a residual 'business as usual' variance of £4.187m. All the major 'customer facing' portfolios together with Capital, Treasury and Corporate Accounting were reporting significant adverse COVID related pressures. This was before taking the Government's general COVID grant support into consideration. The main business as usual pressures were in Children's Services and Community Health and Adult Social Care.

The reported monitoring position fluctuated throughout the year, the constantly changing restrictions: a series of national lockdowns interspersed with local restrictions and the drip feed of funding announcements had an on-going, fluctuating positive and adverse effect on the forecast outturn position.

The Community Health and Adult Social Care Portfolio which had been consistently reporting a significant overspend (both 'COVID' and operational) throughout the year was forecast towards the end of the year, to benefit from a £5.900m contribution from Oldham CCG (via the S.75 Agreement) to support the costs of adult social care. This had a significant favourable impact on the reported outturn. Subsequently, the S.75. Agreement was increased by a further £10.923m of resources from the CCG which was also used to support the costs of adult social care.

Both Children's Services and People and Place consistently reported high levels of overspending, the majority of which was COVID related. Within Children's Services the main area of concern was Children's Social Care; the overspend being generated through COVID related costs, an unachievable savings option and operational expenditure mainly in relation to out of borough placements and agency staffing costs.

The final monitoring report was prepared to month 9 (December 2020) and was presented to Cabinet on 22 March 2020, at which point, against a net revenue budget of £296.762m there was an estimated underspend of £0.522m. The estimated COVID pressure was £5.188m after offsetting general COVID funding, including actual and estimated MHCLG reimbursements for

lost Sales, Fees and Charges which, in total, had increased to an estimated £25.802m (including £7.641m of Government resource paid to the Council in 2019/20). The pressure was offset by a forecast 'business as usual' underspend of £5.710m, generated in part by the anticipated receipt of a total of an additional £3.133m from the GMCA.

Revenue Outturn 2020/21

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. This impacted on the outturn as some grants were not used in full in the 2020/21 financial year (thus held in reserves) and others were intended to be held in reserve for use in 2021/22.

The outturn and indeed the monitoring reports all year were presented with the unringfenced grant received from Central Government offsetting overspending in Council Portfolio areas. This approach was chosen so the actual service impact could be seen compared to the original budget. In total three tranches of unringfenced grant totalling £15.055m was received and three tranches of Sales, Fees and Charges compensation grant totalling £2.955m. In addition, £7.641m of grant was received in 2019/20 and this was transferred from earmarked reserves to support the overall financial position (a total of £25.561m). There was also grant funding of £2.169m for the Local Tax Income Guarantee (LTIG). This funding, although received in 2020/21 as an unringfenced grant, is being carried forward in reserves to support the 2021/22 budget as the Council's 2021/22 budget had been prepared in the expectation of LTIG funding.

The Council's 2020/21 revenue outturn position, as shown in the following table, is presented in the Portfolio structure. Total budgeted expenditure was £323.295m whilst actual spending was £291.410m (due to a Collection Fund adjustment of £29.692m), leaving a surplus of £31.885m. After adjusting for the Collection Fund deficit of £29.691m and a financing variance of £0.043m, the Council reported a surplus of £2.153m for the financial year. This surplus has been credited to the General Fund balance contributing to the Council's financial resilience in future years.

It must be noted that most of the Collection Fund adjustment (£25.182m) is due to the introduction by the Government (after the 2020/21 budget had been set) of retail, leisure, hospitality and nursery business rate reliefs. Instead of collecting Business Rates, the Council received compensating Government grant of £25.182m. The Collection Fund (which manages Council Tax and Business Rates income) is a technical account and as a consequence a series of adjustments are required to correctly manage the funding. The £25.182m was moved to reserves in 2020/21.

The table below sets out the outturn position for 2020/21.

| Revenue Outturn 2020/21 | Budget £000 | Actual £000 | Variance £000 |
|--|------------------------|------------------------|--------------------------|
| Net revenue expenditure | | | |
| People and Place | 87,923 | 92,379 | 4,456 |
| Community Health & Adult Social Care | 69,232 | 67,575 | (1,657) |
| Children's Services | 81,706 | 89,765 | 8,059 |
| Communities and Reform | 42,259 | 42,626 | 367 |
| Commissioning | 15,795 | 16,287 | 492 |
| Chief Executive | 3,771 | 3,515 | (256) |
| Capital, Treasury and Technical Accounting | (2,441) | 12,803 | 15,244 |
| Corporate and Democratic Core | 6,731 | 6,731 | - |
| Parish Precepts | 310 | 310 | - |
| COVID-19 Funding | 18,010 | (7,641) | (25,561) |
| Resources Returned from GMCA | 0 | (3,248) | (3,248) |
| Net Service Expenditure | 323,295 | 321,102 | (2,193) |
| Collection Fund | - | (29,692) | (29,692) |
| Total Net Service Expenditure | 323,295 | 291,410 | (31,885) |
| Financed by: | | | |
| Council Taxpayers | (88,077) | (88,077) | - |
| Adult Social Care Precept - Council Taxpayers | (8,679) | (8,679) | - |
| Retained Business Rates | (50,424) | (53,436) | (3,012) |
| Business Rates Top Up | (41,654) | (41,654) | - |
| Grants in Lieu of Business Rates | (36,416) | (36,373) | 43 |
| Local Tax Income Guarantee | (2,169) | (2,169) | - |
| Private Finance Initiative Grant | (8,488) | (8,488) | - |
| Capital Grants | (20,453) | 20,453 | - |
| Other Non-Ringfenced Government Grants | (1,861) | (1,861) | - |
| Housing and Council Tax Benefit Administration Grant | (1,195) | (1,195) | - |
| New Homes Bonus Grant | (598) | (598) | - |
| Independent Living Fund Grant | (2,580) | (2,580) | - |
| Improved Better Care Fund | (10,859) | (10,859) | - |
| Social Care Support Grant | (6,955) | (6,955) | - |
| Opportunity Area Grant | (1,565) | (1,565) | - |
| School Improvement Monitoring & Brokerage Grant | (259) | (259) | - |
| COVID - Sales, Fees and Charges Compensation Grant | (2,955) | (2,955) | - |
| COVID - Additional Restrictions Grant (ARG) | (7,123) | (7,123) | - |
| COVID - Local Restrictions Support Grant – Discretionary | (4,522) | (4,522) | - |
| COVID-19 - Unringfenced grant | (15,055) | (15,055) | - |
| Use of Earmarked Reserves | (10,008) | (10,008) | - |
| Transfer to Earmarked Reserve | - | 3,012 | 3,012 |
| Financing | (321,895) | (321,852) | 43 |
| Collection Fund (Surplus)/Deficit | (1,400) | 28,291 | 29,691 |
| Total Financing | (323,295) | (293,561) | 29,734 |
| Current Net Underspend | - | (2,153) | (2,153) |

A key element of the closure process is to determine the level of reserves and to align the reserves to reflect the requirements of the reserves policy. There was always an aspiration to replenish reserves at the year-end if possible.

The funds available to allocate to reserves were higher than anticipated but it must be emphasised that the pandemic made expenditure trends and income losses more volatile and some activities were much less affected by the third lockdown than projected at month 9 (as at

31 December 2020). In addition, it is evident that some projects and initiatives that were expected to proceed in 2020/21 were delayed. Such expenditure has simply been deferred into 2021/22.

In addition to the general uncertainty linked to disrupted service delivery patterns reflected in reduced expenditure trends and fluctuations in income streams for business as usual activities, there were a range of factors that had a favourable impact on the outturn position after the month 9 report was prepared. This supported the increase in Earmarked Reserves to £113.512m (this is artificially inflated due to the impact of the £25.182m grant received to support the Collection Fund deficit as highlighted above). These changes include:

- Additional capital receipts being generated which enabled the maximisation of the Flexible Use of Capital Receipts which had not been projected;
- A year end exercise to maximise the use of time limited revenue grants received;
- The use of £16.823m of Oldham CCG resources to underpin the provision of adult social care using the facility of the S75 Agreement (of which only £5.9m had been anticipated);
- Income being received from partner organisations late in the financial year including investment income, funding in relation to after care services provided under Section 117 of the Mental Health Act 1983 and other adults social care related payments from Oldham CCG and increased refunds from the GMCA to top up resources already anticipated;
- Late notification from Central Government of grant allocations;
- The review of provisions and the release of resources to the General Fund;
- Displaced activity which will be completed in 2021/22 resulting in anticipated expenditure and reserve usage not taking place.

A description of the Portfolios and the performance of each is summarised below (net of the creation of reserves).

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 achieved 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 £4.456m, against a revised budget of £87.923m. The adverse variance is mostly within the Economic Development service and primarily relates to the loss of income as a result of the COVID-19 pandemic in the following services:

- the Catering and Cleaning Service as a result of limited opening of schools during lockdowns and the impacts of self-isolation when schools reopened;
- the Corporate Landlord/Investment Estate and Markets Service relating to the recoverability of rental income from tenants impacted by lockdowns and the pandemic;
- the Parking Service as a result of a drop in demand for Town Centre Parking.

The final outturn of £4.456m was an improvement of £0.472m compared to the projected deficit of £4.928m at month 9 (31 December 2021). The reduced variance was due to the economic impact of the third lockdown being less severe than had been anticipated.

Community Health and Adult Social Care

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

- Community health and social care;
- Clusters;
- Safeguarding;
- Learning disability;
- Mental Health;
- Community business services; and
- Commissioning.

The Adult Social Care Service (ASC) carries out statutory functions on behalf of the Council. 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.

In 2020/21, this co-operation with health partners was used to provide integrated services in the response to the global pandemic. A discharge hub was established to expedite discharge from hospital into the community and a Supporting Treatment in Care Homes (STICH) service was created to provide clinical support to the care sector. Regular multi-disciplinary meetings were undertaken across a range of health partners to optimise the locality response.

The favourable outturn of £1.657m represents an improvement of £3.245m compared to the forecast pressure of £1.588m reported at month 9 and includes income received from the CCG, both to support the COVID-19 related Hospital Discharge Scheme and to underpin the provision of adult social care (£16.823m in total and £10.923m more than had been envisaged when the month 9 report was prepared). Leaving aside the CCG income, the movement in the variance is attributable to;

- the cost of care provision in the last quarter being below expectations, partly as more financial support was received via the NHS funded Hospital Discharge Scheme;
- Additional contributions by the CCG to the cost of care, being mainly S.117 contributions for after-care services;
- Delayed recruitment to vacant posts and grant income to support staffing costs.

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 those aged 0 to 19 years old 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 Multi Agency Safeguarding Hub (MASH) and Targeted Youth provision.

The Portfolio as a whole recorded an overspend of £8.059m against a revised budget of £81.706m. This is £0.348m less than the forecast at month 9. The majority of the adverse variance (£7.784m) was within Children's Social Care, primarily due to the cost of placements; out of borough in particular, and also additional staffing costs, mainly agency to address demand pressures arising from the pandemic. The adverse variance within Education, Skills and Early Years was (£0.345m); the main drivers being the cost of SEND provision (including out of borough placements) and staffing costs. Preventative services recorded an underspend of £0.070m.

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 revenue outturn was an adverse variance of £0.367m, an improvement of £1.663m compared to the forecast adverse variance of £2.030m estimated at month 9 (31 December 2020). The overall adverse variance for Communities and Reform Portfolio is due to a number of COVID-19 pressures; the reduction of income for the Music Service, Outdoor Education, Sports Development and pressures within the Leisure services contract. These pressures have been partially mitigated by the reduction in service provision by the Heritage, Libraries and Arts and Public Health teams for expenditure such as delivery of services in primary care and also by vacancies across the Portfolio.

The main reason for improved performance at the year-end was in relation to the final COVID-19 related compensation payments to the Leisure provider, further service underspends and the maximum utilisation of Government Grants to fund COVID-19 related expenditure.

Commissioning

The Commissioning Portfolio consists of the Finance and Procurement Services. The revenue outturn was an adverse variance of £0.492m, an improvement of £0.342m compared to the forecast adverse variance of £0.834m estimated at month 9 (31 December 2020).

The adverse variance is a result of the use of external contractors by the Procurement Service, the reduction of income generated against the Councils early payment discount scheme which in part is due to Government guidance (PPN2) in response to COVID-19 which encouraged immediate payment terms for all contracted services thus removing any benefit from an early payment scheme. There was also a reduction in summons cost recovery compared to expected levels, again due to the Government guidance on limiting debt recovery activity during the first half of 2020/21. The pressures were partially offset by vacancies within the Finance Division and reductions in non-pay costs.

Chief Executive

This Portfolio includes the budgets for the Council's Chief Executive, the 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 ten Districts of Greater Manchester.

The favourable outturn position of £0.256m represents a £0.030m reduction compared with the forecast favourable variance at month 9 of £0.286m. The Chief Executive directorate has been impacted by COVID-19 in respect of income generation for the Registrars Service, land charges and the recovery of court costs in 2020/21. However, these pressures were mitigated by a reduction in costs such as the postponement of the local election in May 2020, fewer civic functions, reduced costs for the Coroners Services and vacancies within Legal Services.

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.

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 deficit of £15.244m in the main due the impact of the pandemic on anticipated interest, dividend income and capital financing transactions.

Corporate and Democratic Core

This represents the revenue budgets concerned with the executive management of the Council and Elected Member related activities including policy making, representing local interests and democratic representation. Total expenditure was £6.731m with no variance to budget.

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 (£0.291m) plus additional grant payments made to each Parish Council to help mitigate revenue losses arising from the Council Tax Reduction Scheme (£0.019m in total).

COVID-19 Grants

The Council received a range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic. The financial impact of these grants is included within the outturn and Statement of Accounts. The grants and Business Rates reliefs were administered by the Council in line within the guidance received from Central Government.

Following the receipt of a grant the Council had to determine whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as agent the following conditions applied:

- It was acting as an intermediary between the recipient and the Government Department;
- It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.

The first major grant round announced was the Small Business Grant Fund (SBGF) and Retail, Leisure and Hospitality Grant Fund (RLHGF). The grant details were issued in late March 2020 and the Council received £54.738m to pay these grants on 1 April 2020. As the grants sums payable were £0.010m or £0.025m for each eligible business with eligibility criteria specified by Government, the Council acted as an agent in administering these grants.

A further grant regime, the Discretionary Grant Fund was then introduced, within a maximum sum of £2.501m. The Council determined eligibility for these grants and therefore acted as a principal for this source of funding.

By the time the final grants were paid in October 2020, in total £47.845m had been paid in SBGF and RLHGF to 4,321 businesses and the maximum of £2.501m in discretionary grants to 267 businesses. The balance of £4.392m was returned to Central Government. The table below sets out the summary grant information.

| Grants | Final grant allocation £000 | The Council acting as Agent £000 | The Council acting as Principal £000 | Expenditure as at 31 March 2021 £000 | Grant Remaining as at 31 March 2021 £000 |
|--|--|---|---|---|---|
| Small Business Grants Fund /Retail, Leisure and Hospitality Grant Fund | 47,845 | 47,845 | - | 47,845 | - |
| Local Authority Discretionary Fund Grant | 2,501 | - | 2,501 | 2,501 | - |
| | 50,346 | 47,845 | 2,501 | 50,346 | - |

The Government then introduced a range of grants under the general heading of Local Restrictions Support Grant (LRSB), covering the period from August 2020 to 31 March 2021. In total the Council received £28.420m in grant across eleven separate allocations. Each separate tranche of LRSB had its own eligibility criteria. All except one tranche of grant funding (the Christmas Support Payments for Wet Led Pubs) remained open for final payments beyond 31 March 2021.

Three rounds of the LRSB had a discretionary element and for these the Council determined eligibility and therefore acted as principal. Funding for these grants totalled £1.945m and at the year-end £0.037m remained and was held in a reserve to be used in 2021/22.

Eight tranches of LRSB were received to support schemes without a discretionary element and for these the Council acted as the agent of Central Government. Funding for these grants totalled £26.475m and at the year-end £8.864m remained unspent. Given the status of these grants, the funds remaining at 31 March are included in the Councils Balance Sheet (Short Term Creditors).

Once all rounds of LRSB are finally closed there will be a reconciliation and remaining funds will be repaid to Central Government.

The table below summarises the LRSB allocation and expenditure in 2020/21.

| | Total grant allocation | The Council acting as Agent | The Council acting as Principal | Expenditure as at 31 March 2021 | Grant Remaining as at 31 March 2021 |
|---|------------------------|-----------------------------|---------------------------------|---------------------------------|-------------------------------------|
| Grants | £000 | £000 | £000 | £000 | £000 |
| LRSO Closed Addendum | 3,517 | 3,517 | - | 2,810 | 708 |
| LRSO Closed Addendum Open Pre 5 November 2020 | 1,884 | - | 1,884 | 1,849 | 35 |
| LRSO Closed Addendum Closed Pre 5 November 2020 | 191 | 191 | - | 128 | 62 |
| LRSO Closed 2 December:19 December 2020 | 289 | 289 | - | 289 | - |
| LRSO Open 2 December:19 December 2020 | 36 | - | 36 | 36 | - |
| Christmas Support Payments (Wet Led Pubs) | 131 | 131 | - | 131 | - |
| Closed Business Lockdown One-Off Payment | 10,548 | 10,548 | - | 6,918 | 3,630 |
| LRSO Closed Addendum 5 January – 15 February 2021 | 5,276 | 5,276 | - | 3,588 | 1,688 |
| LRSO Closed 20 December – 4 January 2021 | 996 | 996 | - | 847 | 149 |
| LRSO Open 20 December – 4 January 2021 | 25 | - | 25 | 23 | 2 |
| LRSO Closed Addendum 16 February – 31 March 2021 | 5,527 | 5,527 | - | 2,937 | 2,590 |
| | 28,420 | 26,475 | 1,945 | 19,556 | 8,864 |

In addition to the LRSO, the Government introduced a further discretionary grant scheme the Additional Restrictions Grant. The Council introduced specific eligibility criteria for grant support based on knowledge of the Oldham economy and the local business community. During 2020/21, two rounds of grant were received totalling £7.123m for which the Council acted as a principal. By the year end £3.076m had been spent with £4.047m being carried forward within the Council's Revenue Grant reserves.

| Grants | The Council acting as Principal | Expenditure as at 31 March 2021 | Grant Remaining as at 31 March 2021 |
|-------------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| | £000 | £000 | £000 |
| Additional Restrictions Grant (ARG) | 7,123 | 3,076 | 4,047 |
| Total | 7,123 | 3,076 | 4,047 |

From 1 April 2021, the Council began administering a new round of business support grants known as Restart Grants and it will continue to administer this grant regime until the closing date for final payments on 31 July 2021.

As outlined in the table below, the COVID-19 pandemic led the Government to introduce a further 18 specific grant regimes for the Council to administer. Each of these grants had its own terms, conditions and eligibility criteria and some had detailed reporting requirements.

In total £21.838m of specific grants were received, with the Council acting as an agent for £4.539m and principal for £17.299m. As can be seen, there were three grants for which the Council acted as the agent for one element and the principal for the other element of the grant. At the year-end £7.951m had yet to be spent and this is available for use in 2021/22, with £7.431m being wholly carried forward within the Revenue Grant Reserves and £0.520m, where the Council acted as both an agent and principal being split between Revenue Grant Reserves (£0.451m) and the Balance Sheet (£0.069m).

| | Total grant allocation | The Council acting as Agent | The Council acting as Principal | Expenditure as at 31 March 2021 | Grant Remaining as at 31 March 2021 |
|--|------------------------|-----------------------------|---------------------------------|---------------------------------|-------------------------------------|
| Grants | £000 | £000 | £000 | £000 | £000 |
| Test and Trace Support Payments | 1,118 | 568 | 550 | 598 | 520 |
| Local Authority Test and Trace Service Support Grant | 1,560 | - | 1,560 | 709 | 851 |
| Enhanced Response to COVID Grant | 300 | - | 300 | 167 | 133 |
| Funding for Local Authorities for Support to Clinically Extremely Vulnerable Individuals | 923 | - | 923 | 382 | 541 |
| Contain Outbreak Management Fund | 6,402 | - | 6,402 | 1,061 | 5,341 |
| COVID Winter Grant Scheme | 975 | - | 975 | 853 | 122 |
| Community Champions Fund | 500 | - | 500 | 153 | 347 |
| Self-isolation Practical Support Payment Grant | 64 | - | 64 | - | 64 |
| Local Authority Compliance and Enforcement Grant | 155 | - | 155 | 124 | 31 |
| Reopening the High Street Safely Grant | 26 | - | 26 | 26 | - |
| Hardship Fund Grant | 3,015 | - | 3,015 | 3,015 | - |
| Next Steps Accommodation Programme Grant | 147 | - | 147 | 147 | - |
| National Leisure Recovery Fund | 568 | - | 568 | 568 | - |
| Local Authority Emergency Assistance Grant for Food and Essential Supplies | 361 | - | 361 | 361 | - |
| Infection Control Grant | 4,582 | 3,509 | 1,074 | 4,582 | - |
| Adult Social Care Workforce Capacity Fund | 561 | - | 561 | 561 | - |
| Adult Social Care Rapid Testing Fund | 577 | 462 | 115 | 577 | - |
| Coronavirus (COVID-19) Rough Sleepers Contingency | 2 | - | 2 | 2 | - |
| | 21,838 | 4,539 | 17,299 | 13,887 | 7,951 |

In addition to the business grant funding and COVID specific grants, the Council also received unringfenced general grants to support its COVID response totalling £28.106m. These were:

- Three tranches of general grant totalling £15.055m;
- One tranche of general grant funding received in 2019/20 but carried forward in reserves to support the 2020/21 financial position at £7.641m;
- Three tranches of Sales, Fees and Charges grant compensation £2.955m;
- Local Tax Income Guarantee grant of £2.169m which has been carried forward to support the 2021/22 budget;
- New Burdens funding of £0.286m to support the introduction of business grants payment arrangements, and the management of Council Tax and Business rate reliefs.

The Council also received compensation for Business Rate reliefs awarded at £25.182m

Taking all the unringfenced funding and the information in the tables above, the Council received £161.015m of COVID related additional grant in 2020/21. This shows the extent of Government financial support for the Council from a large range of initiatives. The accounting treatment of the grants is varied. Some are included within Notes 4, 5 and 15 and others are included in the Balance Sheet

Schools and the Dedicated Schools Grant (DSG)

Schools may carry forward any surplus or deficit in net expenditure from one financial year to the next. At the end of 2020/21 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. Three of the Council's schools finished the financial year with a deficit.

The total school balances for 2020/21 were £9.306m which was an increase of £3.819m compared to the 2019/20 total of £5.487m.

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 percentage for Secondary and Primary schools is 5% and 8% for Special Schools. 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 2020/21 there were 29 schools (primary and secondary) with excess balances. All had requested that these balances be carried forward and this was agreed at the Schools Forum meeting on 19 May 2021.

As advised at Note 6, the DSG remains in deficit, a trend that first started in 2016/17. The Council has made efforts to reduce the DSG deficit and it has fallen from £4.916m in 2019/20 to £3.560m at the end of 2020/21. There is a clear Recovery Plan in place, agreed with Schools Forum, to bring the DSG to a surplus by the end of 2023/24.

For the first time, the DSG deficit is presented on the Movement in Reserves Statement as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations 2003 by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressure on resources required for other essential services.

Housing Revenue Account (HRA)

The HRA is a ringfenced account specifically dealing with the provision of Local Authority housing. At the end of 2020/21, the Council's housing stock comprised of 2,100 properties, most of which are managed and maintained under two Private Finance Initiative (PFI) schemes.

By 31 March 2021, the HRA generated an in-year surplus of £2.263m, after the required technical accounting adjustments, this resulted in a decrease of £0.425m to the level of balances. This compared favourably with the original budgeted deficit of £3.520m which was approved at the Budget Council meeting of 26 February 2020. Overall balances have decreased from £21.795m to £21.370m but this still shows a healthy level of resources to support future spending initiatives. There are plans in place to utilise HRA resources to support the delivery of the Councils Housing Strategy up to 2024/25. 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 release of the Collection Fund Surplus totalling £1.470m. Of that amount, £1.400m was allocated to Oldham Council to support the 2020/21 budget and the remaining amount was distributed to the preceptors.

The year-end deficit balance of £27.213m is largely due to the additional reliefs which were awarded to ratepayers in 2020/21 due to the COVID-19 pandemic, primarily the extended Retail Discount and Nursery Relief, with compensating grant of £25.182m being received as previously explained.

The table below summarises the movements in the Collection Fund during 2020/21:

| Collection Fund | Council Tax £000 | Business Rates £000 | Total £000 |
|---|---------------------|------------------------|---------------|
| Balance brought forward | (184) | (3,111) | (3,295) |
| Prior year estimated surplus released in year | 410 | 1,060 | 1,470 |
| Deficit for the year | 3,220 | 25,818 | 29,038 |
| Balance carried forward | 3,446 | 23,767 | 27,213 |

Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the £25.182m Government grant funded Business Rate reliefs) gives the ability to smooth the impact of COVID related deficits over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/21 budget and future years budget estimates have been prepared using this new facility.

The technical accounting nature of Collection Fund entries require a range of adjustments to align them to the presentation of the Council's revenue outturn statement.

Further details in relation to the Collection Fund can be found in Section 4.2.

Reserves and Balances – Financial Resilience

The level of General Fund reserves included in the Balance Sheet at £142.964m underpin the financial resilience of the organisation. These reserves are held to manage future risks and expenditure priorities. These are split into Revenue Account Earmarked Reserves of £113.512m and Other Earmarked Reserves of £29.452m. The latter are comprised of Revenue Grant Reserves of £20.145m and Schools Reserves at a net sum of £9.306m. As previously explained, in 2019/20 Schools Reserves were netted down due to the deficit on the DSG, however, in 2020/21 the accounting treatment for this deficit changed and the deficit is now held separately as an unusable reserve. The Revenue Grants reserve increased by £11.929m due to the impact of COVID grants being held in reserve at year end.

The most significant movement in earmarked reserves was due to the receipt of compensation for lost Collection Fund income at a value of £25.182m. As outlined previously, these funds are to be used to offset the loss of Collection Fund revenue due to the Government introducing Business Rate reliefs after the 2020/21 budget had been set.

As explained earlier, given how difficult it was to manage the financial position of the Council in 2020/21, given all the unprecedented events, it was encouraging that there was the opportunity to replenish some existing earmarked reserves and also to create additional reserves to improve financial resilience.

Information on the reserves is presented at Note 15 in the Statement of Accounts.

The Statement of Accounts shows balances at the end of 2020/21 of £17.263m. This is an increase of £2.153m which is broadly in line with the originally calculated risk assessment for the following two financial years approved at the Council meeting of 4 March 2021. This movement has enhanced the Council's financial resilience going into 2021/22 and over the period of the Medium Term Financial Strategy.

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 with a new Index based on 2019/20 data released in February 2021. Reserves sustainability and change in reserves when compared to

other Authorities was around the mid-point on the risk scale with a positive movement in the overall financial stress of the Council when compared with the previous year. The Index provided some useful information and confirmed the position that, leading into 2020/21, the Council was financially resilient. The Index will be issued again during 2021/22 to reflect the position at the end of 2020/21.

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 day to day service provision 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 examination of key treasury issues for the year ahead including the Investment and Borrowing strategies and Treasury indicators. For 2020/21 the Strategy was approved by Council on 26 February 2020. Treasury management performance is then reported to Cabinet and Council with further detailed reviews undertaken by the Audit Committee. When preparing the 2020/21 Strategy, the impact on cash management of the COVID-19 related grants had not been envisaged. However, the application of appropriate protocols and practices ensured treasury management was effectively performed.



Borrowing – As at 31 March 2021 the Council had total borrowings (including interest) of £175.052m.



Investing – At the end of the financial year the Council had £68.540m 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 sufficient 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. The benchmark is based on the London Interbank Bid Rate (LIBID) multiplied by 5%. As can be seen in some durations, the LIBID rate was actually negative, but the Council Treasury team have managed to keep a positive investment rate for all maturity durations.

| | Benchmark LIBID Return % | Actual Return % |
|-----------------------|--------------------------------|--------------------|
| 7 Day | (0.07%) | 0.13% |
| 1 Month | (0.06%) | 0.27% |
| 3 Month | 0.02% | 0.46% |
| 6 Month | 0.08% | 0.63% |
| Average Return | | 0.30% |
| Target Rate | | (0.01%) |

The Council's investment in the Churches, Charities and Local Authorities (CCLA) Property Fund yielded dividends in year of £0.622m with an average return of 4.44%. This was higher than expected given the pandemic, but the higher return reflects the long term nature of the investment. The outlook for investment returns for 2021/22 is that they are likely to remain very low due to the current worldwide COVID-19 situation. This could also have an impact on the returns from the CCLA investment.

The Treasury Management strategy contains the Council's Minimum Revenue Provision (MRP) Policy Statement for 2020/21. 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, Capital Programme, Capital Outturn and Developments in 2020/21

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 2020/21 to 2024/25 was approved at the Council meeting of 26 February 2020 and provided the framework within which the Council's capital investments plans were to be delivered. The following table shows the approved capital spending plan for 2020/21 to 2024/25.

| Capital Spending | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 |
|--|------------------|------------------|------------------|-----------------|-----------------|
| Corporate Services | 6,010 | - | - | - | - |
| Children's Services | 15,590 | 12,305 | 5,000 | - | - |
| Community Health and Adult Social Care | 3,400 | 703 | 400 | 400 | 400 |
| People and Place | 113,308 | 110,562 | 86,710 | 29,664 | 55,073 |
| Housing Revenue Account Reform | 5,538 | 3,922 | 6,200 | 7,735 | - |
| Funding for Emerging Priorities | 346 | 400 | - | - | - |
| | 3,440 | 3,575 | 4,200 | 3,200 | 1,500 |
| Total Expenditure | 147,632 | 131,467 | 102,510 | 40,999 | 56,973 |
| Total Funding | (147,632) | (131,467) | (102,510) | (40,999) | (56,973) |

The planned spend for the Capital Programme in 2020/21 was £147.632m matched by available capital financing. It was apparent even at the start of 2020/21 that spending plans were not going to be realised, the COVID-19 pandemic halted works on projects and delayed the start of others. Because of this, and taking accounts of re-profiled expenditure, new assumptions, approvals and scheme updates the expenditure budgets and funding plans were continually reassessed throughout in year. The final outturn position for 2020/21 of £73.227m was a significant reduction compared to the expenditure initially planned as outlined below.

Capital Outturn

The capital programme is monitored on a monthly basis and is subject to an annual review to identify reprofiling, variances and new funding opportunities. During 2020/21, capital monitoring reports were prepared for month 3 (to 30 June 2020) to month 9 (31 December 2020). The capital expenditure incurred during the year compared to the final month 9 forecast is shown in the table below:

| Portfolio | 2020/21 Forecast £000 | 2020/21 Actuals £000 | Variance £000 |
|--------------------------------------|-----------------------------|----------------------------|------------------|
| Corporate Services | 16,302 | 16,806 | 504 |
| Children's Services | 9,099 | 11,176 | 2,077 |
| Communities and Reform | 121 | 57 | (64) |
| Community Health & Adult Social Care | 2,059 | 2,433 | 374 |
| Housing Revenue Account | 4,767 | 4,397 | (370) |
| People and Place | 38,664 | 38,358 | (306) |
| Total Expenditure | 71,012 | 73,227 | 2,215 |

As highlighted above, the Council spent £73.227m against its Capital Programme in 2020/21, resulting in a variance of £2.215m compared to month 9. The variance required funding that was originally allocated to 2021/22 and future years to be brought forward into 2020/21.

The Capital expenditure for 2020/21 was financed by Government Grants and Contributions, Capital Receipts, Revenue Contributions (of which £2.532m was from the HRA and £0.146m from the General Fund) and Prudential Borrowing as detailed in the table below:

| Financing | 2020/21 Forecast £000 | 2020/21 Actuals £000 | Variance £000 |
|-----------------------------------|-----------------------------|----------------------------|------------------|
| Government Grants & Contributions | 20,388 | 20,820 | 432 |
| Capital Receipts | 2,635 | 3,184 | 549 |
| Revenue Contributions | 2,945 | 2,678 | (266) |
| Prudential Borrowing | 45,044 | 46,545 | 1,500 |
| Total Financing | 71,012 | 73,227 | 2,215 |

During 2020/21, a number of major schemes were re-phased into future years requiring the programme to be extended by a further year to 2025/26. The major investment in the Creating a Better Place strategy (updated in August 2020), saw an extensive rephasing and realignment during the financial year.

Capital Developments in 2020/21

The major development during 2020/21 that will shape the future direction of regeneration in the Oldham was the purchase of the Spindles and Town Square Shopping Centres in October 2020, safeguarding an important town centre building and paving the way for a new market, new homes and businesses as part of the ambitious vision for a thriving Oldham Town Centre. The aim of the acquisition is to be a catalyst for delivering Oldham's Creating a Better Place strategy, which

supports economic recovery and embeds regeneration at the heart of the plans. The purchase also led to a review of immediate capital spending plans.

In addition to 'Creating a Better Place' described above, other major capital developments during 2020/21 are set out below:

- In December 2020, the Council was notified of an allocation of £10.750m from the Government's Future High Street Fund (confirmed May 2021). This is supporting the delivery of key regeneration projects within the town centre as well as providing public realm and connectivity improvements.
- The Council prepared and submitted a £41m bid for Towns Fund resources with the aim of providing additional resources to support town centre regeneration as well as the ground-breaking eco-friendly Northern Roots project focussing on the 160-acre Snipe Clough site. In June 2021, the Government advised the Council of a grant award of £24.4m
- In July 2020, work commenced on the new Saddleworth Secondary School located in Uppermill, Oldham. Completion and opening of the new school is scheduled for 1 March 2022.
- At Broadway Green, Oldham, a new road connecting the A663 Broadway to Foxdenton Lane, opened to traffic. Planning permission for 160 new homes as well as the construction of 366,000 sq. ft. of employment space has also been secured. In addition, a planning application for a new 20 acre linear park has also been prepared and submitted.
- The completion of numerous highway investment schemes including the refurbishment of King Street footbridge, retaining wall reconstruction and repairs on the A62 Huddersfield Road, Scouthead and the A672 Oldham Road, Denshaw alongside over sixty separate surface dressing and resurfacing schemes as well as footway improvements.
- The Council continued to facilitate housing development at Primrose Bank, North Werneth, Lancaster Gardens, Counthill School, Broadway Green and Hollinwood which will eventually lead to the provision of up to 1,000 new dwellings.

Non-Financial Performance in 2020/21

The Narrative Report has highlighted the financial issues impacting on 2020/21, however it is important to reflect on some achievements for both COVID related and business as usual activities as follows:

- In April 2020, the Council set up a hub at Oldham Civic Centre to co-ordinate and distribute Personal Protective Equipment (PPE), with many staff being redeployed there to help. The hub supplies essential PPE to front-line workers across the borough;
- In May 2020, older people in Oldham were supported during the Coronavirus pandemic by an innovative partnership project. The Promoting Independent People (PIP Service), led by Age UK, saw nearly three times the number of older people and their families asking for help and support compared to pre-COVID times. Well over 2,000 people were helped by PIP, providing a range of services including help with daily life (medications, shopping, equipment) as well as tackling social isolation by being a friend;
- During the pandemic, Oldham's STICH teams (Supporting Treatment in Care Homes) are bringing together community nurses, allied health professionals and social workers to work directly with care homes that have residents and staff showing possible COVID symptoms. During each STICH visit, the clinical team carry out face to face assessments of each individual patient and remain on site, often for hours at a time, to work with care home staff to identify, manage and problem solve any health-related issues. The aim is to assist with recognising potential COVID patients at an early stage, to help with initial treatment and to avoid unnecessary hospital admissions by liaising with local primary care services;

- In December 2020, the Thriving Communities Programme won a major international award for their work in local communities. After facing off against 158 other nominees from around the continent, the Oldham Social Prescribing Innovation Partnership won in the Community category at the 2020 European Innovation in Politics Awards. This fantastic win comes from the work the Thriving Communities Programme has been doing to build a partnership between public services, healthcare, and the voluntary sector;
- In December 2020, Oldham's dementia team was shortlisted for a major award as it continues to go above and beyond during the pandemic. The five members of Oldham Dementia Services have been recognised for making themselves available to the people they support 24/7; and
- During Christmas 2020 and again during the February 2021 half term holiday, thousands of Oldham families received financial help for food and other emergency provisions with the £0.975m Winter Funding grant from Central Government being utilised to provide much needed support to ensure over 9,000 families on low incomes with children received £30 vouchers per child for food over the two-week Christmas break and £15 per child at the February half term holiday. These vouchers provided support for over 17,000 children and young people across the borough including those eligible for means tested Free School Meals and families on low incomes with pre-school children from 0-5 (using Free School Meal eligibility criteria).

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 PVFM Select Committee.

It is of note that a number of corporate performance indicators were impacted throughout the financial year due to the ongoing pandemic. Following a review of achievability in September, it was agreed that some measures were suspended, with a small number being reported for monitoring only; demonstrating both the impact and challenges the pandemic has had locally on achievement against performance measures.

At the time of finalising the draft Statement of Accounts, the 2020/21 full year Council Performance Report was being prepared but information has subsequently confirmed that:

- 62.9% of the corporate performance measures were achieved or were within an acceptable level of tolerance;
- 79.4% of corporate actions were on track or completed.

Further details on Quarter 4 performance results are available in the 21 June 2021 Council Performance report to Cabinet on the 'Agenda and Minutes' page of the Council's website.

Financial Planning for 2021/22 and Future Years.

Having considered the outturn for 2020/21, which shows a generally positive position with increased reserves and improved financial resilience, it is important to consider this in the context of 2021/22, for which all the financial planning work was undertaken during 2020/21 informed by the budget monitoring information and the changing Government funding position.

The 2021/22 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.

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 2021/22, an initial budget reduction requirement of £23.251m was presented at the 2020/21 Budget Council meeting on 26 February 2020. This was shortly before the COVID-19 pandemic took hold and was clearly prepared and based on a pre-COVID scenario.

A consequence of responding to the COVID-19 pandemic has been the inability of the Council to take forward its planned programme of transformational change in line with the plan. This transformational change was a key strand of the MTFS approved for the period 2020/21 to 2024/25.

This delay together with 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 also revised based on updated notifications. Overall, this process produced a net increase in the budget reduction requirement of £6.589m to give a revised budget gap of £29.940m (rounded to £30.000m for ease of description).

Following on from the Final Local Government Finance Settlement and the announcement of the February 2021: COVID-19 Funding for Local Government in 2021 to 2022 Policy Paper, the Council was able to revise its estimates further reducing the budget reduction requirement to £27.623m. However, due to the impact of Business Rates Reliefs on the Collection Fund Deficit at an estimated value of £25.456m (finalised at the year-end at £25.182m), the revised budget gap increased to £53.079m. This was based on an increase in Council Tax of 0.99% for general purposes and a 2% increase for the Adult Social Care precept.

Throughout 2020/21, via the established budget review forum, the Council considered how services could be re-shaped to address the budget gap. A total of 43 budget reduction proposals with a recurrent value of £8.793m (plus a use of reserves of £0.127m) were approved by Council on 4 March 2021 alongside an additional measure of using the Flexible use of Capital Receipts (£2.000m). Following these movements, a gap of £42.286m remained which was matched through the use of Section 31 grant compensation for the Business Rates Relief impact on the Collection Fund and held as an Earmarked Reserve (£25.456m but revised at outturn to £25.182m) and other Earmarked Reserves at a value of £16.703m (plus the budget reduction use of reserves of £0.127m).

The approach to balancing the budget was subsequently approved at both the Cabinet and Council meetings in February and March 2021 along with the cumulative budget reduction requirements for the MTFs period, which, due to the uncertainty caused by the pandemic was reduced to three financial years.

The following table shows the balancing of the 2021/22 budget the potential budget reduction target remaining for the MTFs period 2022/23 and 2023/24. The targets reflect the one off measures used to balance 2021/22 and expected for 2022/23.

| Forecast Budget Reduction Target 2021/22 to 2023/24 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Budget Reduction Requirement | 53,079 | 31,900 | 21,849 |
| Recurrent Savings | (8,793) | (6,050) | (4,756) |
| One off Savings (use of reserves) | (127) | - | - |
| Flexible Use of Capital Receipts | (2,000) | - | - |
| Use of £29.000m Reserves | (16,703) | (12,297) | - |
| Collection Fund Deficit/Reserves (estimate) | (25,456) | - | - |
| Forecast Budget Reduction Requirement | - | 13,553 | 17,093 |

Whilst there has been a delay to the transformation programme, the MTFs is based on the development of a revised programme. However, given the extent of the financial challenge, a balancing budget reserve of £29.000m was set aside for use in 2021/22 and 2022/23 to support the phasing of the delivery of:

- Savings arising from the approved budget reduction proposals which have an impact in 2022/23 and 2023/24;
- The next phases of the agenda for transformational change.

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 Council objectives.

The programme comprises four workstreams, each of which is led by a member of the Executive Management Team and with the Chief Executive taking overall responsibility for the initiative. These workstreams are:

- Place Based Integration / Communities;
- Children's Services;
- Health and Care; and
- Economy.

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 and impact of long COVID on service provision.

Prior to COVID, the Government had indicated that it was prepared to reverse some of the impacts of the years of austerity and begin to provide further investment in public services including Local Government. The long awaited review of Adult Social Care provision was expected and there was an increasing recognition of the vital role played by the Local Government sector.

The Chancellor was expected to deliver a Budget that provided clarity over future investment. A multi-year Comprehensive Spending Review was expected, the Review of Relative Needs and Resources (Fair Funding Review) which sought to redistribute unringfenced grant on a new formula basis, was also to be introduced from 2021/22 together with significant reform of the Business Rates system. These were all delayed by the pandemic. It is evident that the significant investment that the Government has had to make in responding to the COVID crisis will have an impact on funding available for public services in future years.

The MTFs has been based on a range of assumptions, but given the uncertainty, about so many issues, the scope and size of the financial challenge is evolving. The Council is constantly revising estimates and working through plans to address the anticipated short, medium and long term funding shortfalls.

A key part of the Councils COVID recovery strategy will be a reassessment of the financial position. As has been advised, the accounts for 2020/21 were closed with increased reserves and balances and so the Council is in a stronger position to address the challenge. During 2021/22 work to update the financial forecasts will be progressed and informed by the budget monitoring position as well as local and national issues. This will not only deal with COVID recovery but address future financial sustainability. This work will be the focus of the Finance team during 2021/22.

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. This has been enhanced by Risk Management being incorporated into the Business Planning Process with all risks reviewed and monitored quarterly.

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, the longer-term cost of COVID-19 pandemic, uncertainty about the future level of Government support for areas of high deprivation and indirectly by the impacts of commitments made under devolution. An added pressure is that the Council's previous plans to deliver savings by transformation may continue to be constrained by the pandemic;
- 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;
- Payroll administration which, whilst there have been improvements throughout 2020/21, still requires further development. Further improvements to both the internal control environment and efficiency of the service are required which in part are linked into the implementation of the new integrated HR and Payroll system;
- 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 reforms to integration with the NHS not delivering efficiencies plus the added pressure of the residual impact of the COVID-19 pandemic;

- The deficit on the Dedicated Schools Grant;
- Future resilience of key partners and ability of the Council to support them, in part due to the impact of the COVID-19 pandemic;
- The improvement required in some contracting arrangements with regard to formal documentation;
- Outstanding legal matters linked into ongoing action against other local authorities which have the potential to impact on past custom and practice within the Council could have a significant future financial impact.

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.

Main Changes to the Statements and Significant Transactions in 2020/21

The actuarial valuation of the Council's pension scheme liabilities shown on the Balance Sheet has increased by £119.417m 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 2020/21 and the CIPFA Bulletin 09 Closure of the 2020/21 Financial Statements issued in April 2021 to produce its 2020/21 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 against 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, on 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. 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 Officers' 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 within the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2020/21 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.

Financial Statements

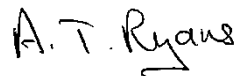
- **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.
- **Comprehensive 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 Council's 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.
- **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.

A handwritten signature in black ink that reads "A. T. Ryans". The signature is written in a cursive style with a prominent flourish at the end of the name.

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

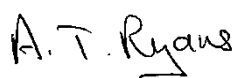
The Director of Finance is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2020/21 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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 2021 and its income and expenditure for the year then ended.



Anne Ryans, BA (Hons) FCPFA
Director of Finance, Section 151 Officer.
Dated: 6 June 2021

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 XX July 2021.

Chair of Audit Committee
Dated:

2.2 Auditors Report

To be provided by the Council's External Auditors, Mazars, on completion of the 2020/21 audit process.

Financial Statements and Explanatory Notes

3.1 Comprehensive Income and Expenditure Statement

The Council restated the Comprehensive Income and Expenditure Statement for 2019/20. It has reclassified its disposals of academy schools from Financing and Investment Income & Expenditure to (Gains)/losses on the disposal of non-current assets in order to comply with the CIPFA code. There is no impact on any other statements and the Financing and Investment Income & Expenditure note has been restated to reflect the change.

| 2019/20 – Restated | | | | Note | 2020/21 | | |
|---------------------------|----------------------|-------------------------|--|------------|---------------------------|----------------------|-------------------------|
| Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 | | | Gross Expenditure £000 | Gross Income £000 | Net Expenditure £000 |
| 5,800 | (1,980) | 3,820 | Chief Executive | | 4,776 | (1,423) | 3,353 |
| 7,930 | (3,966) | 3,964 | Commissioning | | 21,778 | (7,572) | 14,206 |
| 79,315 | (25,640) | 53,675 | People and Place | | 78,690 | (26,034) | 52,656 |
| 272,250 | (184,777) | 87,473 | Children's Services | | 267,569 | (192,255) | 75,314 |
| 104,877 | (35,850) | 69,027 | Community Health & Adult Social Care | | 118,885 | (63,627) | 55,258 |
| 45,714 | (8,827) | 36,887 | Communities and Reform | | 52,714 | (18,150) | 34,564 |
| 65,649 | (57,790) | 7,859 | Capital, Treasury and Technical Accounting | | 48,106 | (50,956) | (2,850) |
| 6,960 | - | 6,960 | Corporate and Democratic Core | | 6,731 | - | 6,731 |
| 15,135 | (28,869) | (13,734) | Housing Revenue Account | | 15,637 | (28,636) | (12,999) |
| 603,629 | (347,699) | 255,931 | Cost of Services | | 614,886 | (388,653) | 226,233 |
| | | 278 | Other Operating Expenditure | | | | 291 |
| | | 33,988 | Parish Council precepts | | | | 33,591 |
| | | 17,309 | Levies | | | | (1,352) |
| | | | (Gains)/losses on the disposal of non-current assets | | | | |
| | | 51,575 | Total Other Operating Expenditure | | | | 32,530 |
| | | 25,6249 | Financing and Investment Income and Expenditure | 3 | | | 29,327 |
| | | (260,186) | Taxation and Non-Specific Grant Income | 4 | | | (286,567) |
| | | 72,942 | (Surplus) or Deficit on Provision of Services | | | | 1,522 |
| | | (39,392) | Other Comprehensive Income and Expenditure | | | | (21,818) |
| | | 64 | Revaluation (gains)/losses non-current assets | 16a | | | 190 |
| | | | Impairment losses on non-current assets | 16a | | | |
| | | 22,287 | (Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income | | | | (1,893) |
| | | (127,995) | Remeasurement of net defined benefit liability | 30 | | | 134,528 |
| | | (145,036) | Total Other Comprehensive Income and Expenditure | | | | 111,007 |
| | | (72,094) | Total Comprehensive Income and Expenditure | | | | 112,530 |

3.2 Movement in Reserves Statement

| 2020/21 | 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 Brought Forward | | (15,110) | (87,865) | (102,975) | (21,796) | - | (726) | (21,018) | (146,515) | (20,546) | (167,061) |
| Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020 | | - | (4,916) | (4,916) | - | - | - | - | (4,916) | 4,916 | - |
| Restated Balance at 1 April 2020 | | (15,110) | (92,781) | (107,891) | (21,796) | - | (726) | (21,018) | (151,431) | (15,630) | (167,061) |
| Movement in reserves during 2020/21 | | | | | | | | | | | |
| Total Comprehensive Income and Expenditure | | 3,785 | - | 3,785 | (2,263) | - | - | - | 1,522 | 111,008 | 112,530 |
| Adjustments between accounting basis and funding basis under regulations | 14 | (56,121) | - | (56,121) | 2,688 | - | (80) | 367 | (53,146) | 53,146 | - |
| Net (increase)/decrease before transfers to Earmarked Reserves | | (52,336) | - | (52,336) | 425 | - | (80) | 367 | (51,624) | 164,154 | 112,530 |
| Transfers to/from Earmarked Reserves | 15 | 50,183 | (50,183) | - | - | - | - | - | - | - | - |
| (Increase)/Decrease in Year Balance at 31 March carried forward | | (2,153) | (50,183) | (52,336) | 425 | - | (80) | 367 | (51,624) | 164,154 | 112,530 |
| | | (17,263) | (142,964) | (160,227) | (21,371) | - | (806) | (20,651) | (203,055) | 148,524 | (54,531) |

| 2019/20 | Note | 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 | | |
| | | £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 | 14 | (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 | 15 | (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) |

3.3 Balance Sheet

| 31 March 2020 £000 | | Note | 31 March 2021 £000 |
|--------------------------|---|---------|--------------------------|
| 734,215 | Property Plant & Equipment | 17 | 754,458 |
| 19,770 | Heritage Assets | 18 | 19,770 |
| 20,077 | Investment Property | 19 | 18,817 |
| 4,060 | Intangible Assets | | 4,271 |
| 50,095 | Long Term Investments | 21 | 55,615 |
| 22,508 | Long Term Debtors | 22 | 35,034 |
| 850,725 | Long Term Assets | | 887,965 |
| 40,775 | Short Term Investments | 21 | 40,671 |
| 621 | Inventories | | 517 |
| 43,225 | Short Term Debtors | 22 | 49,662 |
| 59,898 | Cash & Cash Equivalents | 23 | 21,597 |
| 310 | Assets Held For Sale (less than 1 year) | | 568 |
| 144,829 | Current Assets | | 113,015 |
| (1,716) | Short Term Borrowing | 21 | (6,697) |
| (68,456) | Short Term Creditors | 24 | (76,164) |
| (12,567) | Short Term Provisions | 25 | (9,761) |
| | Short Term Liabilities | | |
| (10,216) | - Private Finance Initiatives | 21,28 | (9,746) |
| (314) | - Finance Leases | | (302) |
| (1,108) | - Transferred Debt | | (1,180) |
| (94,377) | Current Liabilities | | (103,850) |
| (15,800) | Long Term Provisions | 25 | (15,666) |
| (168,364) | Long Term Borrowing | 21 | (168,355) |
| | Other Long Term Liabilities | | |
| (324,871) | - Pension Liabilities | 30 | (444,288) |
| (222,531) | - Private Finance Initiatives | 21,28 | (212,785) |
| (474) | - Finance Leases | | (349) |
| (1,224) | - Transferred Debt | | (44) |
| (17) | - Deferred Credits | | (17) |
| (835) | Capital Grants Receipts In Advance | | (1,095) |
| (734,116) | Long Term Liabilities | | (842,599) |
| 167,061 | Net Assets | | 54,531 |
| (146,515) | Usable Reserves | MiRS | (203,055) |
| (20,546) | Unusable Reserves | MiRS,16 | 148,524 |
| (167,061) | Total Reserves | | (54,531) |

3.4 Cash Flow Statement

| | Notes | 2019/20 £000 | 2020/21 £000 |
|--|-------|-----------------|-----------------|
| Net deficit on the provision of services | | (72,942) | (1,522) |
| Adjustment to surplus or deficit on the provision of services for non-cash movements | 31 | 130,091 | 32,125 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 31 | (29,948) | (23,533) |
| Net cash flows from operating activities | | 27,201 | 7,070 |
| Net Cash flows from Investing Activities | 32 | (9,835) | (35,274) |
| Net Cash flows from Financing Activities | 33 | 9,303 | (10,097) |
| Net increase or (decrease) in cash and cash equivalents | | 26,669 | (38,301) |
| Cash and cash equivalents at the beginning of the reporting period | | 33,229 | 59,898 |
| Cash and cash equivalents at the end of the reporting period | | 59,898 | 21,597 |

3.5 Index of Explanatory Notes to the Accounts

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3.6 Explanatory Notes to the 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 2020/21 (the Code) and the Accounting Policies set out in Note 34. The Notes that follow (1 to 38) set out explanatory information for readers of the accounts.

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2020/21 (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (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

| 2020/21 | As reported for resource management (including HRA) £000 | Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances £000 | Net Expenditure Chargeable to the General Fund and HRA Balances £000 | Adjustments between Funding and Accounting Basis £000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £000 |
|---|--|---|--|---|--|
| Chief Executive | 3,515 | (930) | 2,585 | 768 | 3,353 |
| Commissioning | 16,597 | (3,056) | 13,541 | 665 | 14,206 |
| People and Place | 92,379 | (62,888) | 29,491 | 23,165 | 52,656 |
| Children's Services | 89,765 | (35,525) | 54,240 | 21,074 | 75,314 |
| Community Health and Adult Social Care | 67,575 | (16,293) | 51,282 | 3,975 | 55,257 |
| Communities and Reform | 42,626 | (15,446) | 27,180 | 7,384 | 34,564 |
| Capital Treasury and Technical Accounting | (27,777) | 54,936 | 27,159 | (30,009) | (2,850) |
| Corporate and Democratic Core | 6,731 | - | 6,731 | - | 6,731 |
| Central Services | (6,996) | 6,996 | - | - | - |
| Housing Revenue Account | - | (10,311) | (10,311) | (2,687) | (12,998) |
| Net cost of services | 284,415 | (82,517) | 201,898 | 24,335 | 226,233 |
| Other income and expenditure | (286,567) | 32,759 | (253,808) | 29,098 | (224,711) |
| (Surplus) or Deficit | (2,152) | (49,758) | (51,910) | 53,433 | 1,522 |

The table below shows the comparative information for 2019/20

| 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) | 2,419 | 1,544 | 3,963 |
| People and Place | 91,641 | (62,578) | 29,063 | 24,612 | 53,675 |
| Children's Services | 91,116 | (34,889) | 56,227 | 31,247 | 87,474 |
| Community Health & Adult Social Care | 68,663 | (4,633) | 64,030 | 4,998 | 69,028 |
| Communities and Reform | 36,412 | (5,069) | 31,343 | 5,544 | 36,887 |
| Capital Treasury and Technical Accounting | (46,617) | 53,663 | 7,046 | 812 | 7,858 |
| Corporate and Democratic Core | 6,960 | - | 6,960 | - | 6,960 |
| Central Services | 4,019 | (4,019) | - | - | - |
| Housing Revenue Account | - | (10,976) | (10,976) | (2,758) | (13,734) |
| Net cost of services | 259,917 | (71,012) | 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 reconciles between the opening and closing balances of the General Fund (including earmarked reserves) and Housing Revenue Account (HRA) balances.

During the financial year 2020/21, the Ministry of Housing Communities and Local Government (MHCLG) laid before Parliament a statutory instrument establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where the Council has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council has therefore recorded any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The £4.916m is the movement of the closing schools deficit from 2019/20. 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 | 2019/20 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Opening General Fund and HRA Balance as at 1 April | (129,704) | (124,771) |
| Add new statutory accounting practices in relation to the treatment of local authorities' schools budget deficits | - | (4,916) |
| Add (Surplus)/Deficit on General Fund and HRA Balance in Year | 4,933 | (51,911) |
| Closing General Fund and HRA Balance as at 31 March | (124,771) | (181,598) |

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.

| Page | Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement | | | Adjustments between Accounting Basis and Funding Basis 2020/21 | | | |
|---|---|---------------------------|---|--|---|--------------------------------|---------------------------|
| | 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 | (230) | (700) | (930) | 304 | 464 | - | 768 |
| Commissioning | (2,574) | (482) | (3,056) | 143 | 522 | - | 665 |
| People and Place | (983) | (61,905) | (62,888) | 22,495 | 2,649 | (1,979) | 23,165 |
| Children's Services | (4,669) | (30,856) | (35,525) | 21,836 | 2,733 | (3,495) | 21,074 |
| Community Health & Adult Social Care | (12,317) | (3,976) | (16,293) | 3,021 | 954 | - | 3,975 |
| Communities and Reform | (7,155) | (8,291) | (15,446) | 6,858 | 1,196 | (670) | 7,384 |
| Capital Treasury and Technical Accounting | (29,251) | 84,187 | 54,936 | (605) | 7,523 | (36,927) | (30,009) |
| Corporate and Democratic Core | - | - | - | - | - | - | - |
| Central Services | 6,996 | - | 6,996 | - | - | - | - |
| Housing Revenue Account | 425 | (10,736) | (10,311) | 5,225 | - | (7,912) | (2,687) |
| Net cost of services | (49,758) | (32,759) | (82,517) | 59,277 | 16,041 | (50,983) | 24,335 |
| Other income and expenditure from the Expenditure and Funding Analysis | - | 32,759 | 32,759 | - | - | 29,098 | 29,098 |
| Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit | (49,758) | - | (49,758) | 59,277 | 16,041 | (21,885) | 53,433 |

| 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 | 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) | (1,363) | (1,936) | 552 | 992 | - | 1,544 |
| 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 | 51,784 | 53,663 | 17,522 | 14,857 | (31,567) | 812 |
| Corporate and Democratic Core | - | - | - | - | - | - | - |
| Central Services | (4,019) | - | (4,019) | - | - | - | - |
| Housing Revenue Account | (491) | (10,485) | (10,976) | 4,576 | - | (7,334) | (2,758) |
| Net cost of services | 5,203 | (76,215) | (71,012) | 79,784 | 32,099 | (44,858) | 67,025 |
| Other income and expenditure from the Expenditure and Funding Analysis | - | 76,215 | 76,215 | - | - | 984 | 984 |
| Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit | 5,203 | - | 5,203 | 79,784 | 32,099 | (43,874) | 68,009 |

(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 for the timing differences for premiums and discounts for Long Term Borrowing.
- **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

| | 2019/20 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Expenditure | | |
| Employee Benefit Expenses | 215,888 | 207,494 |
| Other services expenses | 358,708 | 363,444 |
| Depreciation, amortisation and impairment | 41,177 | 44,858 |
| Interest Payments | 37,915 | 35,184 |
| Precepts and levies | 34,266 | 33,881 |
| Payments to the housing capital receipts pool | - | - |
| Gain on the disposal of assets | (936) | (1,352) |
| Loss on transfer to academy status | 18,245 | - |
| Movement on Pooled Investments | 743 | 102 |
| Total expenditure | 706,006 | 683,611 |
| Income | | |
| Fees, charges and other service income | (94,216) | (72,931) |
| Interest and investment income | (10,337) | (4,116) |
| Income from Council Tax and Business Rates | (147,894) | (121,901) |
| Government grants and contributions | (359,069) | (432,999) |
| Other revenue receipts | (21,548) | (50,142) |
| Total income | (633,064) | (682,089) |
| Surplus/Deficit on the Provision of Services | 72,942 | 1,522 |

3. Financing and Investment Income and Expenditure

| | 2019/20 - Restated £000 | 2020/21 £000 |
|---|-------------------------------|-----------------|
| Interest payable and similar charges | 27,755 | 27,430 |
| Net interest on the net defined benefit liability | 10,160 | 7,754 |
| Interest receivable and similar income | (3,005) | (3,166) |
| Income and expenditure in relation to investment properties and changes in their fair value | (2,697) | (1,843) |
| Other investment income | (7,332) | (950) |
| Fair Value movement on Pool Investment Funds | 743 | 102 |
| Total | 25,624 | 29,327 |

The Council restated the 2019/20 disclosure note. The Council has reclassified its disposals of academy schools from Financing and Investment Income & Expenditure to (Gains)/losses on the disposal of non-current assets in the Comprehensive Income & Expenditure Statement in order to comply with the CIPFA code.

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. The grants, Council Tax and Business Rates received are set out below:

| | 2019/20 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Council Tax Income - General Purposes | (85,606) | (85,345) |
| Council Tax Income - Adult Social Care Precept | (6,691) | (8,679) |
| Retained Business Rates | (55,597) | (27,877) |
| Business Rates Top Up | (40,653) | (41,654) |
| Grants in Lieu of Business Rates | (12,816) | (36,373) |
| Covid-19 Support Grants | - | (30,531) |
| Private Finance Initiative (PFI) Grant | (9,026) | (8,488) |
| Other Capital Grants and Contributions | (20,120) | (20,453) |
| Other Non-Ringfenced Government Grants | (9,065) | (1,044) |
| Housing and Council Tax Benefit Administration Grants | (1,121) | (1,138) |
| New Homes Bonus | (961) | (598) |
| Independent Living Fund | (2,580) | (2,580) |
| Improved Better Care Fund Grant | (8,150) | (10,859) |
| Additional Better Care Fund Grant | (1,586) | - |
| Opportunity Area Grant | (2,588) | (1,565) |
| Winter Pressures Grant | (1,122) | - |
| School Improvement Monitoring & Brokerage Grant | (254) | (259) |
| Local Tax Income Guarantee | - | (2,169) |
| Brexit Support Grant | (210) | - |
| Social Care Support Grant | (1,917) | (6,955) |
| GMCA Earnback Grant | (122) | - |
| Total | (260,185) | (286,567) |

5. Grant Income Credited to Services

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

| | 2019/20 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Dedicated Schools Grant (DSG) | (144,368) | (153,378) |
| Housing Benefit Subsidy - Rent Allowances | (46,374) | (41,411) |
| Housing Benefit Subsidy - Rent Rebates | (5,309) | (5,249) |
| Covid-19 Support Grants | - | (15,907) |
| Education and Skills Funding Agency (ESFA) - Adult and Community Learning Income | (3,123) | (2,740) |
| Pupil Premium | (9,483) | (8,844) |
| Private Finance Initiative (PFI) Credit | (23,042) | (23,581) |
| Other Government Grants | (12,172) | (13,778) |
| Other Grants | (1,117) | (641) |
| Community Safety Grants | (584) | (557) |
| Reform Investment Funding | (572) | (906) |
| Discretionary Housing Payments | (633) | (773) |
| National Leisure Recovery Fund (Sports Council) | - | (568) |
| Total | (246,777) | (268,333) |

6. Dedicated School's 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 2020. The School's 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 2020/21 are as follows:

| | | 2020/21 | | |
|------|--|---------------------|---------------------------|----------------|
| | | Central Expenditure | Individual Schools Budget | Total |
| Note | | £000 | £000 | £000 |
| A | Final DSG before academy recoupment | | | 263,473 |
| B | Academy Recoupment | | | (110,095) |
| C | Total DSG after academy recoupment | | | 153,378 |
| D | Balance Brought Forward | | | (4,916) |
| E | Carry forward to 2021/22 agreed in advance | | | (1,563) |
| | | | | 146,899 |
| F | Agreed initial budget distribution | 22,563 | 125,864 | 148,427 |
| G | In year adjustments | (637) | (891) | (1,528) |
| H | Final budget distribution | 21,926 | 124,973 | 146,899 |
| I | Less: Central expenditure | (26,260) | | (26,260) |
| J | Less: ISB deployed to schools | | (125,762) | (125,762) |
| K | Plus: Local authority contribution for 2020/21 | | | |
| L | In year Carry-forward to 2021/22 | (4,334) | (789) | (5,123) |
| M | Plus: Carry-forward to 2021/22 agreed in advance | | 1,563 | 1,563 |
| N | Carry-forward to 2021/22 | (4,334) | 774 | (3,560) |

- A: Final DSG figure before any amount has been recouped from the authority as published March 2021, excluding the January 2021 early years block adjustment.
- B: Figure recouped from the authority in 2020/21 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA.
- C: Total DSG figure after academy and high needs recoupment for 2020/21, as published March 2021.
- D: Deficit Balance of £4.916m brought forward from 2019/20.
- E: The amount which the authority decided after consultation with the School's Forum to carry forward to 2021/22 rather than distribute in 2020/21 (£1.563m).
- F: Budgeted distribution of DSG as agreed with the School's Forum.
- G: Changes to the initial distribution, for example, adjustments for exclusions, or final early years block adjustment.
- H: Budgeted distribution of DSG as at the end of the financial year.
- I: Actual amount of central expenditure items in 2020/21.
- J: Amount of ISB distributed to schools in 2020/21.
- K: Any contribution from the local authority in 2020/21.
- L: In year carry-forward to 2021/22.
- M: Carry-forward to 2021/22 already agreed (£1.563m).
- N: Year-end carry-forward to 2021/22.

7. Material Items of Income and Expenditure

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. For 2020/21 there were no material items of income and expenditure.

8. Members' Allowances

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

| | 2019/20 £000 | 2020/21 £000 |
|------------|-----------------|-----------------|
| Allowances | 1,026 | 1,070 |

9. Officers' Remuneration

The remuneration of senior employees is detailed below.

| | 2019/20 | | | | 2020/21 | | | | | 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 | 178 | - | 37 | 215 | 185 | - | - | 38 | 223 | A |
| Deputy Chief Executive: Corporate and Commercial Services | 22 | - | 5 | 27 | - | - | - | - | - | B |
| Deputy Chief Executive | 132 | - | 27 | 159 | 135 | - | - | 28 | 163 | |
| Strategic Director: Communities and Reform | 123 | - | - | 123 | 130 | - | - | - | 130 | |
| M Joseph, Interim Director of Children's Services | 180 | - | - | 180 | - | - | - | - | - | C |
| Managing Director Children and Young People (Director of Children's Services) | 41 | 2 | 9 | 52 | 128 | 6 | - | 26 | 160 | D |
| Managing Director Community Health and Adult Social Care Services (Director of Adult Social Services) | 110 | - | 23 | 133 | 113 | - | - | 23 | 136 | E |
| Director of Finance and Chief Financial Officer (Section 151 Officer) | 99 | - | 20 | 119 | 101 | - | - | 21 | 122 | |
| Director of Legal Services and Monitoring Officer | 103 | - | 20 | 123 | 101 | - | - | 21 | 122 | |
| Director of Public Health | 92 | - | 19 | 111 | 94 | - | - | 19 | 113 | |
| Director of Education, Skills and Early Years (Chief Education Officer) | 90 | 1 | 19 | 110 | 11 | - | - | 2 | 13 | F |
| Director of Education, Skills and Early Years (Chief Education Officer) | - | - | - | - | 28 | - | - | 6 | 34 | G |
| Interim Director of Education, Skills and Early Years (Chief Education Officer) | - | - | - | - | 14 | - | - | 1 | 15 | H |

Senior Officers served for the whole of 2019/20 and 2020/21 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 was £123,827. In 2020/21 the Chief Executive worked for the Department of Health and Social Care (DHSC) as the Contain Divisional Director for Test and Trace. The contribution to the salary paid by the DHSC was £131,920.
- B The Deputy Chief Executive: Corporate and Commercial Services: left the Council on 31 May 2019.
- C The Interim Director of Children's Services: left the Council on 29 November 2019.
- D The Managing Director Children and Young People (Director of Children's Services) was appointed on 2 December 2019.
- E The Managing Director Community Health and Adult Social Care: the contribution to salary and pension costs paid by Pennine Care NHS Trust was £75,340.
- F The Director of Education, Skills and Early Years (Chief Education Officer): left the Council on 26 April 2020.
- G The Director of Education, Skills and Early Years (Chief Education Officer): was appointed on 14 December 2020.
- H The Interim Director of Education, Skills and Early Years (Chief Education Officer): was appointed on 27 April 2020 until 13 December 2020.

All of the Council's employees (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:

| | 2019/20 Number of Employees Including Severance or Other Related Payments | 2020/21 Number of Employees Including Severance or Other Related Payments |
|---------------------|---|---|
| £50,000 - £55,000 | 95 | 129 |
| £55,001 - £60,000 | 42 | 51 |
| £60,001 - £65,000 | 46 | 33 |
| £65,001 - £70,000 | 19 | 34 |
| £70,001 - £75,000 | 15 | 14 |
| £75,001 - £80,000 | 8 | 11 |
| £80,001 - £85,000 | 5 | 13 |
| £85,001 - £90,000 | 5 | 5 |
| £90,001 - £95,000 | 4 | 2 |
| £95,001 - £100,000 | 2 | 4 |
| £100,001 - £105,000 | - | 3 |
| £105,001 - £110,000 | 1 | 1 |
| £110,001 - £115,000 | - | 1 |
| £115,001 - £120,000 | - | - |
| £120,001 - £125,000 | - | - |
| £125,001 - £130,000 | - | 1 |
| Total | 242 | 302 |

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

| Exit Package Cost band (including special payments) | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 |
|---|---|----------|---|-----------|--|-----------|--|------------------|
| | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages by cost band | | Total cost of exit packages in each band | |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| £0 - £20,000 | 1 | 2 | 27 | 49 | 28 | 51 | 269,266 | 462,934 |
| £20,001 - £40,000 | 1 | - | 5 | 20 | 6 | 20 | 149,704 | 595,713 |
| £40,001 - £60,000 | - | - | 1 | 12 | 1 | 12 | 52,378 | 588,409 |
| £60,001 - £80,000 | - | - | 1 | 1 | 1 | 1 | 76,345 | 70,978 |
| £80,001 - £100,000 | - | - | - | 3 | - | 3 | - | 247,756 |
| £100,001 - £150,000 | - | - | - | 4 | - | 4 | - | 515,322 |
| Total | 2 | 2 | 34 | 89 | 36 | 91 | 547,693 | 2,481,112 |

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 2020/21 is Mazars LLP.

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year. | 134 | 104 |

The Council has incurred an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP for 2019/20. The additional fee of £29,740 agreed takes the total cost for 2019/20 to £134,148 and has been approved by Public Sector Audit Appointments Limited (PSAA).

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 NHS 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 the Partners in 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 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 2020/21 incorporates 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
- Funding commissioned by Oldham Council and Oldham CCG to facilitate hospital discharge and support the care provider market in response to the COVID-19 pandemic.

The Section 75 agreement relates to pooled funds. The pooled funds are 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 organisation's budget.

As shown in the table below the Council spent pooled funds of £100.785m and the CCG spent £75.847m of pooled funds. Each of the partner organisations accounts for their own contributions & details of the spend from the pool are reported to the Oldham Commissioning Partnership Board. Details of the CCG's contributions are contained within their annual accounts. The table below includes an increased contribution of £16.823m to the pool by Oldham CCG. This contribution has been used by the Council to underpin the provision of adult social care.

| Section 75 incorporating Better Care Fund & Improved Better Care Fund | 2019/20 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Funding provided to the pooled budget: | | |
| Council | (83,487) | (62,633) |
| Oldham CCG | (80,483) | (113,999) |
| | (163,970) | (176,632) |
| Expenditure met from the pooled budget: | | |
| Council | 83,487 | 100,785 |
| Oldham CCG | 80,483 | 75,847 |
| | 163,970 | 176,632 |
| Net surplus arising on the pooled budget during the year | - | - |

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 ability 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 2020/21 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 requirements 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 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 2020 £000 | 31 March 2021 £000 |
|--|--------------------------|--------------------------|
| Greater Manchester Combined Authority - Waste Disposal | 18,102 | 17,358 |
| Greater Manchester Combined Authority - Transport | 15,780 | 16,124 |
| Environment Agency | 106 | 108 |
| Total | 33,988 | 33,590 |

GMCA approved its Waste Disposal levy for 2020/21 on 14 February 2020 at a value of £17.448m. During 2020/21 usage was less than expected and the Council received a refund of £0.090m resulting in a final annual levy of £17.358m.

The GMCA also approved its 2020/21 Transport Levy payable by the Greater Manchester Districts on 14 February 2020. Oldham was notified that its Transport Levy for 2020/21 was at a value of £8.861m. Following the GMCA (Functions and Amendment) order being laid in April 2019, for 2020/21 the GM Mayor was given further powers for transport functions. The order gave the GM Mayor the ability to make a statutory charge to District Councils in relation to transport functions (this statutory charge replaced functions previously included within the Transport Levy). This statutory charge for 2020/21 was approved on 14 February 2020 at a value of £7.263m. The resulting 2020/21 Greater Manchester Combined Authority - Transport charge for Oldham, consisting of the Transport Levy and statutory charge was therefore set at a value of £16.124m.

On 17 February 2020 the Environment Agency provided the Council with a confirmed levy amount for the 2020/21 financial year at a value of £0.108m.

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 | 2019/20 | | | 2020/21 | | |
|--|---|----------------|---------------|------------------------------------|----------------|---------------|------------------------------------|
| | | 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)). | (1,025) | 14,617 | (133) | (1,038) | 15,603 | (83) |
| 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. | (1,626) | 18,659 | (55) | (1,658) | 19,864 | (346) |
| 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. | | | | | | |
| 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. | (14) | - | | (6) | - | |
| 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. | (20) | 4,142 | | (13) | 3,890 | |
| | Total | (2,685) | 37,418 | (188) | (2,715) | 39,357 | (429) |

13. 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:

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| No later than 1 year | 306 | 4,463 |
| Later than 1 year and not later than 5 years | 2,139 | 10,493 |
| Later than 5 years | 28,423 | 34,889 |
| Total | 30,868 | 49,845 |

14. 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.

| | 2019/20 | | | | | | 2020/21 | | | | | |
|--|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|
| | Usable Reserves | | | | | Movements in Unusable Reserves | Usable Reserves | | | | | Movements in Unusable Reserves |
| | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £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 | (31,190) | (4,808) | - | - | - | 35,998 | (30,952) | (5,316) | - | - | - | 36,268 |
| Charges for impairment of non-current assets | (792) | (74) | - | - | - | 866 | (1,479) | (95) | - | - | - | 1,573 |
| Revaluation losses on Property, Plant and Equipment | (2,853) | 96 | - | - | - | 2,756 | (5,696) | 135 | - | - | - | 5,560 |
| Movements in the fair value of Investment Properties | 51 | - | - | - | - | (51) | (278) | - | - | - | - | 278 |
| Amortisation of intangible assets | (1,557) | - | - | - | - | 1,557 | (1,456) | - | - | - | - | 1,456 |
| Capital grants and contributions applied | 15,464 | - | - | - | - | (15,464) | 10,716 | - | - | - | - | (10,716) |
| Revenue expenditure funded from capital under statute | (21,582) | - | - | - | - | 21,582 | (15,534) | - | - | - | - | 15,534 |
| 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 | (7,906) | (12) | - | - | - | 7,917 | (1,583) | (3) | - | - | - | 1,586 |
| Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement | (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 | 14,163 | 5,123 | - | - | - | (19,286) | 19,435 | 5,301 | - | - | - | (24,736) |
| Capital expenditure charged against the General Fund and HRA balances | 245 | 2,134 | - | - | - | (2,379) | 147 | 2,532 | - | - | - | (2,679) |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | | | | | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | 4,655 | - | - | - | (4,655) | - | 9,737 | - | - | (9,737) | - | - |
| Application of grants to capital financing transferred to the Capital Adjustment Account | - | - | - | - | 26,626 | (26,626) | - | - | - | - | 10,104 | (10,104) |
| 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 | 9,607 | 221 | (9,828) | - | - | - | 3,027 | 53 | (3,080) | - | - | - |
| Use of the Capital Receipts Reserve to finance new capital expenditure | - | - | 9,914 | - | - | (9,914) | - | - | 3,184 | - | - | (3,184) |
| Contributions to the Capital Receipts Pool | - | 0 | - | - | - | - | - | - | - | - | - | - |
| Repayment of Long Term Loans | - | - | (86) | - | - | 86 | - | - | (104) | - | - | 104 |
| Transfer from Deferred Capital Receipts reserve upon receipt of cash | - | - | - | - | - | - | - | - | - | - | - | - |

| | 2019/20 | | | | | | 2020/21 | | | | | |
|---|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|
| | Usable Reserves | | | | | Movements in Unusable Reserves | Usable Reserves | | | | | Movements in Unusable Reserves |
| | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £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 | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments primarily involving the Major Repairs Reserve: | | | | | | | | | | | | |
| Transfer of Excess of Depreciation over Notional MRA to MRR | - | 77 | - | (77) | - | - | - | 80 | - | (80) | - | - |
| Credit MRR with a sum equal to HRA Depreciation | - | - | - | - | - | - | - | - | - | - | - | - |
| 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 | 255 | - | - | - | - | (255) | 291 | - | - | - | - | (291) |
| 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. | (743) | - | - | - | - | 743 | (102) | - | - | - | - | 102 |
| 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) | (50,804) | - | - | - | - | 50,804 | (35,619) | - | - | - | - | 35,619 |
| Employer's pension contributions and direct payments to pensioners payable in the year | 18,705 | - | - | - | - | (18,705) | 19,579 | - | - | - | - | (19,579) |
| 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 | (450) | - | - | - | - | 450 | (29,692) | - | - | - | - | 29,692 |
| 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 | (534) | - | - | - | - | 534 | (761) | - | - | - | - | 761 |
| Adjustments primarily involving the Dedicated Schools Grant Adjustment Account | | | | | | | | | | | | |
| Transfer of Dedicated Schools Grant (DSG) over/(underspend) to the DSG Adjustment Account | - | - | - | - | - | - | 1,356 | - | - | - | - | (1,356) |
| Total Adjustments | (70,767) | 2,758 | - | (77) | 21,971 | 46,115 | (56,121) | 2,688 | (0) | (80) | 367 | 53,147 |

15. 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 2019/20 and 2020/21. All Earmarked Reserves are managed in accordance with the Council's reserves policy.

| | Balance as at 31 March 2019 £000 | Transfers Out 2019/20 £000 | Transfers In 2019/20 £000 | Balance as at 31 March 2020 £000 | Transfer to DSG Adjustment Account £000 | Restated balance as at 1 April 2020 £000 | Transfers Out 2020/21 £000 | Transfers In 2020/21 £000 | Balance as at 31 March 2021 £000 |
|---|-------------------------------------|-------------------------------|------------------------------|-------------------------------------|--|---|-------------------------------|------------------------------|-------------------------------------|
| Integrated Working Reserve | (3,662) | 376 | (700) | (3,986) | - | (3,986) | 529 | (13,922) | (17,380) |
| Transformation Reserve | (10,281) | 2,849 | (377) | (7,809) | - | (7,809) | 1,822 | - | (5,986) |
| Adverse Weather Reserve | (1,500) | 500 | - | (1,000) | - | (1,000) | - | - | (1,000) |
| Regeneration Reserve | (6,456) | 1,795 | - | (4,661) | - | (4,661) | 1,347 | (250) | (3,564) |
| Demand Changes Reserve | (2,000) | 1,660 | (1,660) | (2,000) | - | (2,000) | 2,000 | - | - |
| Emergency and External Events Reserve | (2,751) | 564 | (64) | (2,251) | - | (2,251) | 2,251 | (2,000) | (2,000) |
| Levy Reserve | (402) | - | - | (402) | - | (402) | 153 | (90) | (340) |
| Council Initiatives Reserve | (4,514) | 1,591 | (609) | (3,532) | - | (3,532) | 1,206 | (565) | (2,891) |
| Fiscal Mitigation Reserve | (14,975) | 13,718 | (25,720) | (26,977) | - | (26,977) | 26,407 | (11,013) | (11,582) |
| Life Cycle Costs Reserve | (6,611) | 5,031 | - | (1,580) | - | (1,580) | 500 | (571) | (1,651) |
| Insurance Reserve | (14,529) | 2,364 | - | (12,165) | - | (12,165) | 4,092 | (1,912) | (9,985) |
| Directorate Reserve | (2,767) | 1,335 | (428) | (1,860) | - | (1,860) | 695 | (1,027) | (2,192) |
| Balancing Budget Reserve | (8,818) | 8,818 | (10,008) | (10,008) | - | (10,008) | 10,008 | (54,309) | (54,309) |
| Taxation / Treasury Reserve | (625) | 125 | - | (500) | - | (500) | 1,955 | (1,455) | - |
| District Partnership Reserve | (732) | 224 | (121) | (629) | - | (629) | 127 | (92) | (594) |
| Local Restrictions Support Grant Reserve | - | - | - | - | - | - | - | (37) | (37) |
| Total Revenue Account Earmarked Reserves | (80,623) | 40,950 | (39,687) | (79,360) | - | (79,360) | 53,090 | (87,243) | (113,512) |
| Other Earmarked Reserves | | | | | | | | | |
| Revenue Grants Reserve | (8,733) | 1,440 | (641) | (7,933) | - | (7,933) | 1,327 | (13,538) | (20,145) |
| Schools Reserve | (4,202) | 4,207 | (576) | (571) | (4,916) | (5,487) | 5,495 | (9,314) | (9,306) |
| Total Other Earmarked Reserves | (12,935) | 5,647 | (1,217) | (8,504) | (4,916) | (13,420) | 6,822 | (22,852) | (29,452) |
| Total Earmarked Reserves | (93,558) | 46,597 | (40,904) | (87,865) | (4,916) | (92,781) | 59,912 | (110,095) | (142,964) |

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 2021/22 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.

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 and the potential requirement to support performance improvement in selected services including the financial implications of COVID-19. This also includes funds set aside to strengthen the Council's financial resilience over the Medium Term.

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 2021/22 budget approved by Council on 4 March 2021 and the indicative 2022/23 budget.

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

Local Restrictions Support Grant Reserve - this has been established in order to assist businesses during the COVID-19 pandemic. The application closure date for the scheme was phased with the final tranche closing on 31 May 2021. Final payments are also phased with the last round of payments being made up to 30 June 2021, therefore these funds are held to finance the final payments.

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. At the end of 2020/21 this included a range of COVID-19 grants to the value of £11.929m.
- **Schools Reserve** – this includes the balances held by Schools under the scheme of delegation.

16. Unusable Reserves

| Summary | Note | 31 March 2020 £000 | 31 March 2021 £000 |
|---|------|--------------------------|--------------------------|
| Revaluation Reserve | 16a | (301,491) | (307,724) |
| Financial Instruments Revaluation Reserve | 16b | (19,240) | (21,031) |
| Capital Adjustment Account | 16c | (34,374) | (41,571) |
| Financial Instruments Adjustment Account | 16d | 8,517 | 8,227 |
| Deferred Capital Receipts | 16e | (523) | (523) |
| Pensions Reserve | 16f | 324,871 | 475,439 |
| Collection Fund Adjustment Account | 16g | (3,240) | 26,452 |
| DSG Adjustment Account | 16h | - | 3,560 |
| Accumulated Absences Reserve | 16i | 4,933 | 5,695 |
| Total Unusable Reserves | | (20,546) | 148,524 |

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

(16a) Revaluation Reserve

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

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

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

| Revaluation Reserve | 2019/20 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Balance at 1 April | (291,667) | (301,491) |
| Upward revaluation of assets | (44,354) | (30,186) |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | 5,026 | 8,558 |
| Difference between fair value depreciation and historic cost depreciation | 13,998 | 15,074 |
| Accumulated gains on non-current assets sold or decommissioned (excluding Academies) | 3,979 | 322 |
| Accumulated gains on Academy assets sold or decommissioned | 11,528 | - |
| Balance at 31 March | (301,491) | (307,724) |

(16b) 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 | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | (42,271) | (19,240) |
| Revaluation of Shareholding in Manchester Airport | 22,500 | (1,890) |
| Reversal of Pooled Investment Funds for Fair Value movement | (215) | (746) |
| (Surplus)/Deficit on revaluation of Financial Instrument Revaluation Reserve | 22,285 | (2,636) |
| Other Movement for Fair Value movement | 3 | - |
| Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory Over-Ride * | 743 | 845 |
| Balance at 31 March | (19,240) | (21,031) |

*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.

(16c) 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 14 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

| Capital Adjustment Account | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | (17,413) | (34,374) |
| Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement | | |
| Charges for depreciation of non-current assets | 35,998 | 36,268 |
| Charges for impairment of non-current assets | 866 | 1,573 |
| Revaluation (gains)/losses on Property, Plant and Equipment | 2,756 | 5,560 |
| Amortisation of intangible assets | 1,557 | 1,456 |
| Revenue expenditure funded from capital under statute | 21,582 | 15,534 |
| 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) | 7,917 | 1,586 |
| Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement | 18,245 | 0 |
| Adjusting amounts written out of the Revaluation Reserve | (29,505) | (15,395) |
| Repayment of Long Term Debtors | 86 | 104 |
| Capital financing applied in the year: | | |
| Use of the Capital Receipts reserve to finance new capital expenditure | (9,914) | (3,184) |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (15,464) | (10,716) |
| Application of grants to capital financing from the Capital Grants Unapplied Account | (26,626) | (10,104) |
| Statutory provision for the financing of capital investment charged against the General Fund and HRA balances | (2,742) | (2,742) |
| Voluntary MRP | (19,286) | (24,736) |
| Capital expenditure charged against the General Fund and HRA balances | (2,379) | (2,679) |
| Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | (51) | 278 |
| Balance at 31 March | (34,374) | (41,571) |

(16d) 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 Taxpayers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

| Financial Instrument Adjustment Account | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 8,772 | 8,517 |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | (329) | (329) |
| Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements | 74 | 38 |
| Balance at 31 March | 8,517 | 8,227 |

(16e) 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.

(16f) 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 | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 420,767 | 324,871 |
| Remeasurement of net defined benefit liability | (127,995) | 134,528 |
| 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 | 50,804 | 35,619 |
| Employer's pension contributions and direct payments to pensioners payable in the year | (18,705) | (19,579) |
| Balance at 31 March | 324,871 | 475,439 |

(16g) 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 CIES as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| Collection Fund Adjustment Account | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance as 1 April | (3,690) | (3,240) |
| Amount by which Council Tax and Non-Domestic Rates income credited to the CIES is different from Council Tax and Non-Domestic Rates for the year in accordance with statutory requirements | 450 | 29,692 |
| Balance at 31 March | (3,240) | 26,452 |

(16h) Dedicated Schools Grant (DSG) Adjustment Account

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

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

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

| Dedicated Schools Grant Adjustment Account | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance as 1 April | - | - |
| DSG Opening balance | - | 4,916 |
| Restated Opening Balance | - | 4,916 |
| In year DSG over/(under) spend | - | (1,356) |
| Balance at 31 March | - | 3,560 |

(16i) 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.

17. Property, Plant and Equipment

Movements on Balances

| 2020/21 | 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 2020 | 76,755 | 497,769 | 38,601 | 268,208 | 3,241 | 5,632 | 3,969 | 894,175 |
| Additions | 4,403 | 22,414 | 1,958 | 12,287 | - | 17 | 1,751 | 42,829 |
| Revaluation | 1,293 | (7,444) | - | - | (1) | 42 | - | (6,111) |
| Increases/(decreases) to Revaluation Reserve | | | | | | | | |
| Revaluation | 135 | (6,202) | - | - | (15) | (75) | - | (6,157) |
| Increases/(decreases) to Surplus/Deficit on the Provision of Services | | | | | | | | |
| Derecognition-Disposals | (36) | (1,242) | (759) | - | - | - | - | (2,037) |
| Reclassified to/from Held for Sale | - | - | - | - | - | (544) | - | (544) |
| Other Reclassifications | 57 | 408 | - | - | - | 564 | - | 1,029 |
| At 31 March 2021 | 82,606 | 505,703 | 39,800 | 280,496 | 3,225 | 5,634 | 5,720 | 923,184 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| At 1 April 2020 | 4,803 | 8,079 | 26,379 | 113,868 | 3,225 | (0) | 3,608 | 159,961 |
| Depreciation Charge | 5,242 | 19,820 | 2,889 | 8,311 | 1 | 4 | - | 36,268 |
| Depreciation written out on revaluation | (4,727) | (18,867) | - | - | (1) | - | - | (23,596) |
| Depreciation written out to Surplus/Deficit on the Provision of Services | - | (597) | - | - | - | - | - | (597) |
| Impairment losses/reversals to Revaluation Reserve | - | (4,149) | - | - | - | - | - | (4,149) |
| Impairment losses/reversals to Surplus/Deficit on the Provision of Services | 95 | 1,020 | - | 458 | - | - | - | 1,572 |
| Derecognition-Disposals Eliminated on reclassification to Held for Sale | (3) | (43) | (683) | - | - | - | - | (729) |
| Other Reclassifications | - | - | - | - | - | (4) | - | (4) |
| At 31 March 2021 | 5,410 | 5,262 | 28,585 | 122,637 | 3,225 | - | 3,608 | 168,727 |
| Net Book Value | | | | | | | | |
| At 31 March 2021 | 77,197 | 500,441 | 11,215 | 157,859 | - | 5,634 | 2,112 | 754,458 |
| At 31 March 2020 | 71,952 | 489,691 | 12,222 | 154,341 | 16 | 5,632 | 362 | 734,215 |

Comparative Movements in 2019/20

| 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 Eliminated on reclassification to Held for Sale | (8) | (790) | (1,430) | - | - | - | - | (2,228) |
| 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 |

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 2021, 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 2020.

Effects of Changes in Estimates

In 2020/21 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. All valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The revaluations are carried out by The Unity Partnership, an external company which is 100% owned by the Council, by a team of suitably qualified professionals.

The revaluation programme is carried out throughout the year and the effective date of each revaluation is the date that the valuation was carried out.

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.

| Gross Valuations by Valuation Date | Council Dwellings | Other Land and Buildings | Vehicles, Plant, Furniture and Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets under Construction | Total |
|------------------------------------|-------------------|--------------------------|--|-----------------------|------------------|----------------|---------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Carried at historical cost | - | 1,356 | 39,800 | 280,496 | 3,225 | - | 5,720 | 340,036 |
| Valued at current value as at: | | | | | | | | |
| 31 March 2021 | 82,373 | 69,943 | - | - | - | 5,634 | - | 148,510 |
| 31 March 2020 | 233 | 194,586 | - | - | - | - | - | 194,819 |
| 31 March 2019 | - | 52,516 | - | - | - | - | - | 52,516 |
| 31 March 2018 | - | 106,425 | - | - | - | - | - | 106,425 |
| 31 March 2017 | - | 80,877 | - | - | - | - | - | 80,877 |
| Total Cost or Valuation | 82,606 | 505,703 | 39,800 | 280,496 | 3,225 | 5,634 | 5,720 | 923,184 |

18. 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. The 2020 valuation identified three paintings in the collection each with a market value in excess of £1 million. These are works by JW Waterhouse, Alfred Munnings and William Orpen. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures and decorative arts.

Following the flood in 2018 the Council has had the Gallery Oldham collections valued by external valuer, James Glennie (Arts & Antiques Appraisals). The valuation was on a market value basis assessed at £18.292m undertaken by James Glennie as at March 2020. It is the view of the Council that the recent valuation is still relevant and will not materially affect the financial statements.

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 2020/21 is £1.442m.
- **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. The 2020 valuation was based on wide research into sale prices at auctions around the world. This valuation was commissioned to Arts & Antiques Appraisals for the Gallery Oldham Collection and this has been included and updated accordingly. It is the view of the Council that the recent valuation is still relevant and there are no events which would materially change the financial statements

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 2019 | 18,711 | 1,192 | 36 | 19,939 |
| Revaluation Gains/(Losses) Recognised in the Revaluation Reserve | (419) | 250 | - | (169) |
| Additions | - | - | - | - |
| 31 March 2020 | 18,292 | 1,442 | 36 | 19,770 |
| Cost or Valuation | | | | |
| 1 April 2020 | 18,292 | 1,442 | 36 | 19,770 |
| Additions | - | - | 1 | 1 |
| Impairment to CIES | - | - | (1) | (1) |
| 31 March 2021 | 18,292 | 1,442 | 36 | 19,770 |

19. 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:

| | 2019/20 £000 | 2020/21 £000 |
|---|-----------------|-----------------|
| Rental Income from Investment Properties | (2,232) | (2,610) |
| Direct Operating Expenses (including repairs and maintenance) | 562 | 631 |
| Net Gain | (1,670) | (1,978) |
| Fair value movements on investment properties | (51) | 278 |
| (Profit)/Loss on disposal | (976) | (143) |
| Total Income and Expenditure on relation to investment properties and changes in their fair value | (2,697) | (1,843) |

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

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 17,945 | 20,077 |
| Additions: Subsequent Expenditure | 20 | 47 |
| Disposals | (242) | (5) |
| Net Gain/(Loss) from Fair Value Adjustments | 293 | (273) |
| Transfers (to)/from Other Land and Buildings | 2,061 | (1,029) |
| Balance at 31 March | 20,077 | 18,817 |

Fair Value Hierarchy

All of the Council's investment properties have been valued as Level 2 on the fair value hierarchy for valuation purposes (see Note 34 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 2021 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 Institution of Chartered Surveyors.

20. 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.

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Opening capital financing requirement | 493,880 | 472,377 |
| Capital Investment | | |
| Property Plant and Equipment | 29,600 | 42,829 |
| Investment Assets | 20 | 47 |
| Heritage Assets | - | 1 |
| Revenue Expenditure Funded from Capital Under Statute | 21,582 | 15,534 |
| Long Term Investment | 1,870 | 3,740 |
| Intangible Assets | 1,833 | 1,669 |
| Long Term Debtors | - | 9,677 |
| Assets Held for Sale | 4 | - |
| Sources of Finance | | |
| Capital Receipts | (9,914) | (3,184) |
| Government Grants and Other Contributions | (42,091) | (20,820) |
| Sums Set aside from Revenue | (24,407) | (30,157) |
| Closing Capital Financing Requirement | 472,377 | 491,713 |
| Explanation of movements in year | | |
| Decrease in Need to Borrow Supported by Government Financial Assistance | (2,742) | (2,742) |
| (Decrease)/Increase in Need to Borrow Unsupported by Government Financial Assistance | (19,286) | 21,808 |
| Assets Acquired Under Finance Leases | 525 | 270 |
| Increase/(Decrease) in Capital Financing Requirement | (21,503) | 19,336 |

21. 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-20 £000 | 31-Mar-21 £000 | 31-Mar-20 £000 | 31-Mar-21 £000 | 31-Mar-20 £000 | 31-Mar-21 £000 | 31-Mar-20 £000 | 31-Mar-21 £000 |
| Amortised Cost | | | | | | | | |
| Principal Investment | 3,669 | 3,760 | 22,508 | 35,034 | 40,500 | 40,500 | 13,859 | 10,988 |
| Accrued Interest | - | - | - | - | 125 | 21 | - | - |
| Cash & Cash Equivalents (CCE) | - | - | - | - | 59,862 | 21,596 | - | - |
| CCE Accrued Interest | - | - | - | - | 36 | 1 | - | - |
| Amortised Cost Total | 3,669 | 3,760 | 22,508 | 35,034 | 100,523 | 62,117 | 13,859 | 10,988 |
| Fair Value through other comprehensive income - designated equity instruments | | | | | | | | |
| Fair Value through other comprehensive income - other | 32,170 | 37,700 | - | - | - | - | - | - |
| Total Financial Assets | 50,095 | 55,615 | 22,508 | 35,034 | 100,673 | 62,268 | 13,859 | 10,988 |
| Non-Financial Assets | - | - | - | - | - | - | 29,366 | 38,674 |
| Total | 50,095 | 55,615 | 22,508 | 35,034 | 100,673 | 62,268 | 43,225 | 49,662 |

Financial Liabilities

| | Non-Current | | | | Current | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Borrowings | | Creditors | | Borrowings | | Creditors | |
| | 31-Mar-20 £000 | 31-Mar-21 £000 | 31-Mar-20 £000 | 31-Mar-21 £000 | 31-Mar-20 £000 | 31-Mar-21 £000 | 31-Mar-20 £000 | 31-Mar-21 £000 |
| Amortised Cost | | | | | | | | |
| Principal | 167,583 | 167,583 | - | - | 259 | 5,260 | 39,210 | 45,882 |
| Loans Accrued Interest | - | - | - | - | 1,457 | 1,438 | - | - |
| Market Loans Effective Interest Rate Adjustment | 781 | 772 | - | - | - | - | - | - |
| PFI, Finance lease and transferred debt | 224,229 | 213,178 | - | - | 11,638 | 11,228 | - | - |
| Total Financial Liabilities | 392,593 | 381,533 | - | - | 13,354 | 17,925 | 39,210 | 45,882 |
| Non-Financial Liabilities | - | - | - | - | - | - | 29,246 | 30,283 |
| Total | 392,593 | 381,533 | - | - | 13,354 | 17,925 | 68,456 | 76,164 |

| Borrowings | Long Term | Current | Long Term | Current |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2020 £000 | 31 March 2020 £000 | 31 March 2021 £000 | 31 March 2021 £000 |
| PWLB | 35,482 | 137 | 35,482 | 133 |
| LOBO's | 86,281 | 911 | 86,272 | 898 |
| Other market debt | 46,601 | 668 | 46,601 | 5,666 |
| Total Borrowings | 168,364 | 1,716 | 168,355 | 6,697 |

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 2021 as fair value through other comprehensive income:

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

The Council holds 3.22% shares in Manchester Airport Holdings Ltd, the shareholding is a strategic investment and not held for trading and therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means 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.

During 2020/21 the Council increased the equity investment in Manchester Airport Car Park (1) Limited by a further £3.740m (along with the other nine Greater Manchester District Councils). The Council's total investment of £5.610m was to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park (1) Limited. The value has increased slightly in year as can be seen in the above table. As in 2019/20, the shareholding is classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) is 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 means that there is no impact on the revenue budget and the Council's 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:

| | 2019/20 | | | 2020/21 | | |
|---|---|--|-----------------|---|--|-----------------|
| | 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 | (531) | - | (531) | (102) | - | (102) |
| * Investments in equity instruments designated at fair value through other comprehensive income | | (22,500) | (22,500) | | 1,890 | 1,890 |
| Total net gains /losses | (531) | (22,500) | (23,031) | (102) | 1,890 | 1,788 |
| Interest Revenue: | | | | | | |
| * Financial Assets measured at amortised cost | 3,005 | | 3,005 | 3,166 | | 3,166 |
| * Other Financial Assets measured at fair value through other comprehensive income | 6,801 | | 6,801 | 848 | | 848 |
| Total interest revenue | 9,806 | - | 9,806 | 4,014 | - | 4,014 |
| Interest Expense | (27,755) | | (27,755) | (27,430) | | (27,430) |

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 2020 Fair value £000 | 31 March 2021 Fair value £000 |
|--|--------------------------------------|---|-------------------------------------|-------------------------------------|
| Fair Value through Profit and Loss CCLA Property Fund | Level 1 | Unadjusted quoted prices in active markets for identical shares | 14,256 | 14,154 |
| Fair Value through Other Comprehensive Income Manchester Airport | Level 2 | Earnings Based | 30,200 | 32,000 |
| Manchester Airport Car Park (1) Limited | Level 2 | Earnings Based | - | 5,700 |
| Total Fair Value through Other Comprehensive Income | | | 30,200 | 37,700 |
| Total Fair Value of Financial Instruments | | | 44,456 | 51,855 |

* See Note 34 Accounting Policy 1.23 for an explanation of the Fair Value levels.

The Council holds a 3.22% share in Manchester Airports Holdings Limited (MAHL) and 10% of the issued C Shares in Manchester Airport Car Park (1) Limited which represents a minority holding and does not confer any voting rights. The shares in both these companies are not traded in an active market; however, the fair value in MAHL shown above is based on a high degree of comparability to listed company data including any movement in share prices. The 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 the audited accounts of MAHL for the annual periods between 2018/19 and 2019/20 along with an interim 6 month report for the period ending 30 September 2020. These shares are subject to an annual valuation. In 2020/21 this has seen an increase in value of £1.800m.

The 10% holding in Manchester Airport Car Park (1) Limited is valued on the financial forecast in the original business case and adjusted for the impact of COVID-19 and the reduced passenger numbers at Manchester Airport as evidenced in the Council valuation of its shareholding in MAHL.

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.

The Council also holds units within the CCLA Property Fund. The fair value has been calculated using quoted share prices. All other long-term investments are carried at historic cost, as these are the Council's investments in subsidiaries and associates. The total value of the other long-term investments at 31 March 2021 is £3.760m.

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

| | 31 March 2020 | | 31 March 2021 | |
|----------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| PWLB | 35,620 | 33,975 | 35,615 | 36,358 |
| Market Loans | 134,460 | 201,675 | 139,437 | 221,935 |
| Short-term creditors | 39,210 | 39,210 | 45,882 | 45,882 |
| Total | 209,290 | 274,860 | 220,934 | 304,175 |

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 2021) 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 £42.716m (as part of the external valuation) 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. The Council has also calculated an exit price fair value of £42.716m, which is calculated using an early repayment discount rate. The Council has no contractual obligation to pay these costs and will not incur any additional cost if the loans run to their planned maturity date.

| | 31 March 2020 | | 31 March 2021 | |
|---------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| Fixed Term Investments | 40,625 | 40,625 | 40,521 | 40,528 |
| Cash and Cash Equivalents | 59,898 | 59,898 | 21,597 | 21,597 |
| Long-term debtors | 22,508 | 59,920 | 35,034 | 95,384 |
| Short-term debtors | 13,859 | 13,859 | 10,988 | 10,988 |
| Total | 136,891 | 174,202 | 108,142 | 168,497 |

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 2021) 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 March 2021 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 | 132,873 |
| Short term debt | 5,260 |
| PFI and finance lease liability | 224,405 |
| Total | 398,020 |
| Financial assets held at amortised cost: | 62,117 |
| Other financial assets - Long Term | 3,759 |
| Total | 65,876 |

| 31 March 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 |

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 2020/21 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 2020/21 was approved by Council on 26 February 2020 and is available on the Council's website.

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

The Council had a total of £68.540m deposited with a number of financial institutions at 31 March 2021. The Council's maximum exposure to credit risk in relation to this amount cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2021 that this was likely to crystallise.

The Council holds a number of long term debtors totalling £35.034m as at 31 March 2021. When undertaking any long term loans the Council follows a fully due diligence process. Having assessed the Council's exposure to credit risk on the long term debtors as at 31 March 2021, there was no evidence that the entities were unable to meet their commitments on their existing loan structures.

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 2021 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 2021 | Historical Experience of Default | Estimated maximum exposure to default and uncollectability at 31 March 2021 |
|---|---|----------------|------------------|--------------------------------|-------------------------------|--|---|
| | | | | | £000 | % | £000 |
| Deposits with Banks and Financial Institutions | | | | | | | |
| Wokingham Borough Council | Yellow | AA- | Aa2 | A+ | 5,000 | 0.002% | - |
| Blackpool Council | Yellow | AA- | Aa2 | A+ | 3,000 | 0.005% | - |
| Goldman Sachs | Red | F1 | P-1 | A-1 | 5,000 | 0.015% | 1 |
| Aberdeen City Council | Yellow | AA- | Aa2 | A+ | 5,000 | 0.008% | - |
| Warrington Borough Council | Yellow | AA- | Aa2 | A+ | 5,000 | 0.008% | - |
| Blaenau Gwent County Council | Yellow | AA- | Aa2 | A+ | 5,000 | 0.009% | - |
| Canterbury City Council | Yellow | AA- | Aa2 | A+ | 5,000 | 0.010% | - |
| Santander UK Plc 35 Notice | Red | F1 | P-1 | A-1 | 2,500 | 0.005% | 0 |
| Bank of Scotland 95 Day Notice | Red | F1 | P-1 | A-1 | 5,000 | 0.012% | 1 |
| Santander UK Plc 180 Notice | Red | F1 | P-1 | A-1 | 2,500 | 0.023% | 1 |
| Santander UK Plc 180 Notice | Red | F1 | P-1 | A-1 | 5,000 | 0.023% | 1 |
| Invesco MMF* | Purple | AAA | Aaa | AAA | 2,000 | 0.000% | - |
| Federated MMF* | Purple | AAA | Aaa | AAA | 8,540 | 0.000% | - |
| Aberdeen Standard MMF* | Purple | AAA | Aaa | AAA | 10,000 | 0.000% | - |
| | | | | | 68,540 | | 4 |

*MMF – Money Market Fund

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 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---------------------|--------------------------|--------------------------|
| Less than 3 months | 3,723 | 3,269 |
| 3 - 6 months | 290 | 503 |
| 6 - 12 months | 2,967 | 3,071 |
| More than 12 months | 4,924 | 6,457 |
| Total | 11,904 | 13,299 |

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 2020 £000 | 31 March 2021 £000 |
|-----------------------|-----------------------|--------------------------|
| Less than 1 Year | 103,122 | 68,540 |
| Between 1 and 2 years | 628 | 628 |
| Between 2 and 3 years | - | - |
| More than 3 years | 71,975 | 90,022 |
| Total | 175,725 | 159,189 |

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 2020 £000 | 31 March 2021 £000 |
|--------------------|--------------------------|--------------------------|
| Less than 1 year | 40,925 | 52,820 |
| 1 - 2 years | 241 | 6,600 |
| 2 - 5 years | 6,600 | - |
| 5 - 10 years | 7,500 | 7,500 |
| More than 10 years | 153,242 | 153,242 |
| Total | 208,508 | 220,162 |

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 £54m 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 46 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 2021, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

| | 2020/21 £000 |
|--|-----------------|
| Decrease in fair value of fixed rate investment assets | 685 |
| Impact on Other Comprehensive Income and Expenditure | 685 |
| 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) | 2,202 |

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 £55.615m 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 £41.460m have been elected as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) may occur, which would have resulted in a £2.073m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2020/21. 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 Revaluation Reserve. A loss of £0.102m was also recognised in 2020/21 in relation to the Council's holding in the CCLA property fund.

In 2020/21 the Council's holding in Manchester Airport, was re-valued resulting in a gain of £1.8m along with a gain of £0.090m in relation to the new shareholding in Manchester Airport Car Park (1) Limited both of which were recognised in the Financial Instruments Revaluation Reserve.

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.

22. Debtors

The Council's short-term debtors (net of the expected credit loss) are as follows:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|--------------------------------|--------------------------|--------------------------|
| Central Government Bodies | 6,229 | 11,140 |
| Other Local Authorities | 1,971 | 2,202 |
| NHS Bodies | 2,588 | 3,345 |
| Capital Debtors | 2,704 | 3,148 |
| Other entities and individuals | 25,471 | 23,640 |
| Payments in Advance | 4,262 | 6,187 |
| Total | 43,225 | 49,662 |

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

| | 31 March 2020 £000 | 31 March 2021 £000 |
|---|--------------------------|--------------------------|
| Mortgages | 6 | 6 |
| Loans to Trusts, Community Interest Groups & Third Sector Organisations | 602 | 498 |
| Other Capital Loans & Advances | 21,900 | 34,530 |
| Total | 22,508 | 35,034 |

23. Cash and Cash Equivalents

| | 31 March 2020 £000 | 31 March 2021 £000 |
|----------------------------|--------------------------|--------------------------|
| Cash held by the Authority | 116 | 119 |
| Bank Current Accounts | 65,745 | 32,836 |
| Bank Overdraft | (5,963) | (11,358) |
| Total | 59,898 | 21,597 |

24. Creditors

The Council's creditors are as follows:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|--------------------------------|--------------------------|--------------------------|
| Central Government Bodies | (4,600) | (6,096) |
| Other Local Authorities | (1,287) | (998) |
| NHS Bodies | (889) | (2,206) |
| Capital Creditors | (3,454) | (2,410) |
| Other entities and individuals | (37,650) | (44,381) |
| Accumulated Absences | (4,933) | (5,695) |
| Receipts in Advance | (15,643) | (14,378) |
| Total | (68,456) | (76,164) |

25. Provisions

| | Short Term | | |
|---------------------------------|--------------------------------|-----------------------------|----------------|
| | Insurance Provision £000 | Other Provisions £000 | Total £000 |
| Balance at 31 March 2020 | (3,191) | (9,376) | (12,566) |
| Provisions released in 2020/21 | 1,008 | 1,330 | 2,338 |
| Amounts used in 2020/21 | - | 467 | 467 |
| Balance at 31 March 2021 | (2,183) | (7,579) | (9,761) |

| | Long Term | | | |
|---------------------------------|---------------------|--------------------------|------------------|-----------------|
| | Insurance Provision | Pay and Reward Provision | Other Provisions | Total |
| | £000 | £000 | £000 | £000 |
| Balance at 1 April 2020 | (8,350) | (2,001) | (5,449) | (15,800) |
| Provisions released in 2020/21 | - | - | 134 | 133 |
| Balance at 31 March 2021 | (8,350) | (2,001) | (5,315) | (15,667) |

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 Other Provisions represent amounts set aside to meet potential future liabilities; this includes a provision for Business Rates Appeals and changes in legislation.

26. Contingent Assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified the following contingent assets as at 31 March 2021.

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 Shelter 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 exceeded 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 2021 and will continue to receive payments up to the values given above. The savings that are received by the Council will be treated as a capital receipt to support the Council's capital programme.

27. Contingent Liabilities

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

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 2021 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.

28. PFI and Similar Contracts

Oldham Library and Lifelong Learning Centre

The financial year 2020/21 was the sixteenth 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 2020/21 was the fifteenth 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 2020/21 was the tenth of a 25 year PFI contract for the management of 626 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 153 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 2020/21 was the twelfth 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 2020/21 was the tenth of a 25-year PFI joint contract, with Rochdale Council, for the replacement of approximately 23,000 streetlights in Oldham in the first five years and the ongoing management and maintenance of the streetlights over the life of the contract. The Council has rights under the contract to detail the specification of the streetlights. 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 streetlights over the life of the contract. The streetlights 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 2020/21 was the fourteenth 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 2020/21 was the ninth 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. There have been no changes to the arrangements during the financial year.

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 |
|------------------------------|---|------------------------------|--|---|----------------------------|-----------------|---|----------------|
| 2021/22 | | | | | | | | |
| Repayment of Liability | 604 | 2,947 | 1,859 | 129 | 866 | 2,307 | 1,035 | 9,746 |
| Interest | 920 | 6,663 | 3,696 | 859 | 1,693 | 2,795 | 2,641 | 19,267 |
| Service Charges | 1,340 | 5,994 | 3,346 | 289 | 1,912 | 3,466 | 1,664 | 18,011 |
| Total | 2,864 | 15,604 | 8,901 | 1,277 | 4,470 | 8,568 | 5,340 | 47,024 |
| 2022/23 to 2025/26 | | | | | | | | |
| Repayment of Liability | 3,214 | 14,732 | 7,750 | 247 | 2,311 | 10,223 | 4,718 | 43,195 |
| Interest | 3,024 | 25,020 | 13,309 | 3,409 | 5,363 | 9,364 | 9,624 | 69,113 |
| Service Charges | 5,532 | 24,648 | 15,556 | 1,775 | 10,773 | 15,608 | 7,552 | 81,444 |
| Total | 11,770 | 64,400 | 36,615 | 5,431 | 18,447 | 35,195 | 21,894 | 193,752 |
| 2026/27 to 2030/31 | | | | | | | | |
| Repayment of Liability | 6,115 | 16,830 | 14,327 | 535 | 3,658 | 15,654 | 8,425 | 65,544 |
| Interest | 2,246 | 26,972 | 14,176 | 4,796 | 5,245 | 6,837 | 9,230 | 69,502 |
| Service Charges | 6,582 | 41,356 | 19,737 | 2,258 | 15,483 | 23,769 | 11,014 | 120,199 |
| Total | 14,943 | 85,158 | 48,240 | 7,589 | 24,386 | 42,260 | 28,669 | 255,245 |
| 2031/32 to 2035/36 | | | | | | | | |
| Repayment of Liability | - | 32,386 | 23,364 | 1,231 | 10,221 | 6,522 | 10,942 | 84,666 |
| Interest | - | 20,406 | 10,685 | 5,702 | 4,902 | 712 | 4,778 | 47,185 |
| Service Charges | - | 37,852 | 17,272 | 1,653 | 10,826 | 10,409 | 14,572 | 92,584 |
| Total | - | 90,644 | 51,321 | 8,586 | 25,949 | 17,643 | 30,292 | 224,435 |
| 2036/37 to 2040/41 | | | | | | | | |
| Repayment of Liability | - | 4,741 | 4,016 | 5,835 | 649 | - | 4,138 | 19,379 |
| Interest | - | 1,581 | 1,049 | 4,141 | 165 | - | 469 | 7,405 |
| Service Charges | - | 3,087 | 2,048 | 1,749 | 570 | - | 4,314 | 11,768 |
| Total | - | 9,409 | 7,113 | 11,725 | 1,384 | - | 8,921 | 38,552 |
| Repayments total | 9,933 | 71,636 | 51,316 | 7,977 | 17,705 | 34,706 | 29,258 | 222,531 |
| Interest total | 6,190 | 80,642 | 42,915 | 18,907 | 17,368 | 19,708 | 26,742 | 212,472 |
| Service Charges total | 13,454 | 112,937 | 57,959 | 7,724 | 39,564 | 53,252 | 39,116 | 324,006 |
| Grand total | 29,577 | 265,215 | 152,190 | 34,608 | 74,636 | 107,666 | 95,116 | 759,009 |

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 2019 £000 | Repayments £000 | Liability 31 March 2020 £000 | Repayments £000 | Liability 31 March 2021 £000 |
|--------------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Library and Lifelong Learning Centre | 10,912 | (481) | 10,431 | (498) | 9,933 |
| Sheltered Housing | 77,331 | (2,714) | 74,617 | (2,981) | 71,636 |
| Gateways to Oldham | 56,044 | (2,409) | 53,635 | (2,320) | 51,316 |
| Chadderton Wellbeing Centre | 8,248 | (141) | 8,107 | (130) | 7,977 |
| Street Lighting | 19,290 | (792) | 18,498 | (793) | 17,705 |
| Schools | 39,398 | (2,240) | 37,158 | (2,453) | 34,706 |
| Building Schools for the Future | 31,273 | (974) | 30,299 | (1,041) | 29,258 |
| Total | 242,496 | (9,751) | 232,745 | (10,216) | 222,531 |

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 2020 | 15,670 | 41,432 | 21,620 | 11,010 | 24,457 | 74,520 | 34,938 | 223,647 |
| Additions | - | 6 | - | - | - | - | - | 6 |
| Revaluations recognised in Revaluation Reserve | (260) | 747 | 624 | 410 | - | 583 | 833 | 2,937 |
| Revaluations recognised in (Surplus)/Deficit on the Provision of Services | - | 2 | - | - | - | - | - | 2 |
| Derecognition-disposals | - | - | (34) | - | - | - | - | (34) |
| As at 31 March 2020 | 15,410 | 42,181 | 22,216 | 11,420 | 24,457 | 75,103 | 35,771 | 226,558 |
| Accumulated Depreciation & Impairment | | | | | | | | |
| As at 1 April 2020 | - | 3,178 | 1,552 | - | 3,585 | - | - | 8,135 |
| Depreciation Charge | 693 | 3,641 | 1,595 | 451 | 616 | 3,806 | 1,674 | 12,476 |
| Depreciation Written out to Revaluation Reserve | (693) | (3,178) | (1,549) | (451) | - | (3,806) | (1,674) | (11,351) |
| Depreciation written out to the (Surplus)/Deficit on the Provision of Services | - | - | - | - | - | - | - | - |
| Impairment Losses/(reversals) recognised in the Revaluation Reserve | - | - | - | - | - | - | - | - |
| Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services | - | - | - | - | - | - | - | - |
| Derecognition -disposals | - | - | (3) | - | - | - | - | (3) |
| As at 31 March 2021 | - | 3,641 | 1,595 | - | 4,201 | - | - | 9,437 |
| Net Book Value at 31 March 2020 | 15,670 | 38,254 | 20,068 | 11,010 | 20,872 | 74,520 | 34,938 | 215,332 |
| Net Book Value at 31 March 2021 | 15,410 | 38,540 | 20,621 | 11,420 | 20,256 | 75,103 | 35,771 | 217,121 |

| | 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) |
| Impairment Losses/(reversals) recognised in the Revaluation Reserve | - | - | - | - | - | - | - | - |
| Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services | - | - | - | - | - | - | - | - |
| 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 |

29. 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 2020/21, the Council paid £10.238m (£8.754m in 2019/20) to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 22.50% (19.72% in 2019/20) 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 30.

30. 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:

| | 2019/20 £000 | 2020/21 £000 |
|---|-----------------|------------------|
| Service Cost | | |
| Current service cost | (35,946) | (27,474) |
| Past service cost (including curtailments) | (4,698) | (391) |
| Total service cost | (40,644) | (27,865) |
| Financing and Investment Income and Expenditure | | |
| Interest income on scheme assets | 23,374 | 19,913 |
| Interest cost on defined benefit obligation | (33,534) | (27,667) |
| Total net interest | (10,160) | (7,754) |
| Total Post-Employment Benefits Charged to the Deficit on the Provision of Services | (50,804) | (35,619) |
| Remeasurements of the Net Defined Liability Comprising: | | |
| Return on plan assets excluding amounts included in net interest | (100,079) | 174,843 |
| Change in demographic assumptions | 39,513 | (7,846) |
| Actuarial gains/ (losses) arising from changes in financial assumptions | 96,928 | (313,185) |
| Other experience and actuarial adjustments | 91,633 | 11,660 |
| Total remeasurements recognised in other comprehensive income | 127,995 | (134,528) |
| Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement | 77,191 | (170,147) |
| Movement in Reserves Statement | | |
| Reversal of net charges made to the deficit on the provision of services | 50,804 | 35,619 |
| Employers' Contributions Payable to the Scheme | (18,705) | (19,579) |

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:

| | 2019/20 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Fair value of plan assets | 881,050 | 1,094,303 |
| Present value of funded liabilities | (1,167,827) | (1,498,809) |
| Present value of unfunded liabilities | (38,094) | (39,782) |
| Net Liability Arising from Defined Benefit Obligation | (324,871) | (444,288) |

Reconciliation of the Movements in Fair Value of Scheme Assets

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|------------------|
| Opening fair value of scheme assets | 985,878 | 881,050 |
| Interest income | 23,374 | 19,913 |
| Remeasurement Gain | | |
| Return on plan assets excluding amounts included in net interest | (100,079) | 174,843 |
| Contributions from employer into the scheme | 4,857 | 50,730 |
| Contributions from employees into the scheme | 5,340 | 5,585 |
| Benefits paid | (38,320) | (37,818) |
| Closing Fair Value of Scheme Assets | 881,050 | 1,094,303 |

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)

| | 2019/20 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Opening fair value of scheme liabilities | 1,392,797 | 1,205,921 |
| Current service cost | 35,946 | 27,474 |
| Interest cost | 33,534 | 27,667 |
| Contributions from scheme participants | 5,340 | 5,585 |
| Remeasurement Loss | | |
| Actuarial (gains)/losses arising from changes in financial assumptions | (96,928) | 313,185 |
| Change to demographic assumptions | (39,513) | 7,846 |
| Other experience and actuarial adjustments | (91,633) | (11,660) |
| Past service cost | 4,698 | 391 |
| Benefits paid | (38,320) | (37,818) |
| Closing Fair Value of Scheme Liabilities | 1,205,921 | 1,538,591 |

Pension Scheme Assets

| | Period Ended 31 March 2020 | | | | Period Ended 31 March 2021 | | | |
|---|---|---|----------------|---------------------------------|---|---|------------------|---------------------------------|
| | Quoted prices in active markets £000 | Quoted prices not in active markets £000 | Total £000 | Percentage 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 | 78,409 | | 79,987 | 9% | 96,025 | | 96,025 | 9% |
| Manufacturing | 66,337 | | 67,672 | 8% | 85,520 | | 85,520 | 8% |
| Energy and Utilities | 49,662 | | 50,661 | 6% | 53,066 | | 53,066 | 5% |
| Financial Institutions | 95,989 | | 97,921 | 11% | 114,953 | | 114,953 | 11% |
| Health and Care | 38,943 | | 39,727 | 5% | 54,694 | | 54,694 | 5% |
| Information Technology | 34,642 | | 35,339 | 4% | 57,801 | | 57,801 | 5% |
| Other | 18,018 | | 18,381 | 2% | 17,680 | | 17,680 | 2% |
| Debt Securities | | | | | | | | |
| Corporate Bonds (investment grade) | 32,660 | | 33,317 | 4% | 52,894 | | 52,894 | 5% |
| UK Government | | | - | 0% | | | - | 0% |
| Other | 27,855 | | 28,416 | 3% | 14,215 | | 14,215 | 1% |
| Private Equity | | | | | | | | |
| All | | 44,590 | 45,487 | 5% | | 65,132 | 65,132 | 6% |
| Real Estate | | | | | | | | |
| UK Property | | 36,391 | 37,124 | 4% | | 40,888 | 40,888 | 4% |
| Investment Funds and Unit Trusts | | | | | | | | |
| Equities | 86,661 | | 88,405 | 10% | 98,323 | | 98,323 | 9% |
| Bonds | 99,723 | | 101,729 | 12% | 138,680 | | 138,680 | 13% |
| Infrastructure | | 41,901 | 42,744 | 5% | | 55,784 | 55,784 | 5% |
| Other | 21,658 | 76,531 | 100,165 | 11% | 23,719 | 104,057 | 127,776 | 12% |
| Derivatives | | | | | | | | |
| Other | | | - | 0% | (879) | | (879) | 0% |
| Cash and Cash Equivalents | | | | | | | | |
| All | 13,700 | | 13,975 | 2% | 21,748 | | 21,748 | 2% |
| Totals | 664,258 | 199,413 | 881,050 | 100% | 828,441 | 265,862 | 1,094,303 | 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 valuation of the scheme as at 31 March 2021.

The significant assumptions used by the actuary have been:

| | 2019/20 | 2020/21 |
|--|---------|---------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners: | | |
| men | 20.5 | 20.5 |
| women | 23.1 | 23.3 |
| Longevity at 65 for future pensioners: | | |
| men | 22.0 | 21.9 |
| women | 25.0 | 25.3 |
| Rate of inflation | 2.80% | 2.80% |
| Rate of increase in salaries | 2.70% | 3.60% |
| Rate of increase in pensions | 1.90% | 2.85% |
| Rate for discounting scheme liabilities | 2.30% | 2.00% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below 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 2019/20.

| Change in Assumptions at 31 March 2021 | Approximate % Increase to Employee Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.5% decrease in real discount rate | 10% | 152,275 |
| 0.5% increase in the salary increase rate | 1% | 13,384 |
| 0.5% increase in the pension increase rate | 9% | 135,768 |

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 current triennial valuation took effect from this financial year starting 1 April 2020.

The scheme has taken 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 2020 the Council made an upfront payment of £46.726m to the Greater Manchester Pension Fund (GMPF) for the Council's employer contributions relating to the full triennial period 2020/21 to 2022/23.

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. Based on the calculations supporting the upfront payment the Council anticipates “notional” contributions to the scheme in 2020/21 of £15.575m (£46.726m split equally across 3 years).

31. Cash Flows from Operating Activities

| The surplus or deficit on the provision of services has been adjusted for the following non-cash movements: | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Depreciation | 35,998 | 36,268 |
| Impairment and downward valuations | 3,622 | 7,133 |
| Amortisation | 1,557 | 1,456 |
| Increase/(decrease) in creditors | 15,480 | 8,958 |
| (Increase)/decrease in debtors | 1,473 | (5,699) |
| (Increase)/decrease in inventories | 53 | 104 |
| Movement in pension liability | 45,947 | (15,111) |
| Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 26,162 | 1,586 |
| Other non-cash items charged to the net surplus or deficit on the provision of services | (201) | (2,570) |
| | 130,091 | 32,125 |
| The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities: | | |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (9,829) | (3,080) |
| Any other items for which the cash effects are investing or financing cash flows | (20,119) | (20,453) |
| | (29,948) | (23,533) |
| The cash flows for operating activities include the following items: | | |
| Interest received | 1,878 | 320 |
| Interest paid | (27,710) | (27,418) |
| Dividends received | 7,332 | 950 |
| | (18,500) | (26,148) |

32. Cash Flows from Investing Activities

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Purchase of property, plant and equipment, investment property and intangible assets | (30,686) | (45,319) |
| Purchase of short-term and long-term investments | (66,870) | (62,231) |
| Other payments for investing activities | - | (9,677) |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 9,829 | 3,080 |
| Proceeds from short-term and long-term investments | 56,500 | 58,500 |
| Other receipts from investing activities | 21,392 | 20,373 |
| Net cash flows from investing activities | (9,835) | (35,274) |

33. Cash Flows from Financing Activities

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Cash receipts of short and long-term borrowing | 20,000 | 25,000 |
| Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts | (10,108) | (10,624) |
| Repayments of short and long-term borrowing | (1,058) | (21,148) |
| Other payments for financing activities | 469 | (3,325) |
| Net cash flows from financing activities | 9,303 | (10,097) |

33a. Reconciliation of Liabilities Arising from Financing Activities

| | 1 April 2020 £000 | Financing cash flows £000 | Acquisition £000 | Other non- cash changes £000 | 31 March 2021 £000 |
|--|-------------------------|---------------------------------|---------------------|---------------------------------------|--------------------------|
| Long-term borrowings | 168,364 | - | - | (9) | 168,355 |
| Short-term borrowings | 1,716 | 4,960 | - | 21 | 6,697 |
| Lease Liabilities | 788 | (408) | 271 | - | 651 |
| Transferred Debt | 2,332 | (1,108) | - | - | 1,224 |
| On balance sheet PFI Liabilities | 232,747 | (10,216) | - | - | 222,531 |
| Amounts included as part of (debtor)/creditor balances: | | | | | |
| Amounts owed to/from Collection Fund preceptors | (371) | (3,325) | - | - | (3,696) |
| Total Liabilities from financing activities | 405,576 | (10,097) | 271 | 12 | 395,762 |

| | 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 |

34. Accounting Policies

1.1 General Principles

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round to amounts 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 Other Operating 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.

35. 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 2020/21 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 2021/22 code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

36. Critical Judgements in Applying Accounting Policies

The following disclosure sets out critical judgements applied to the accounting policies of the Council that have a significant impact on the presentation of the financial statements. Critical estimation uncertainties are described in Note 37.

Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the 3-year period 2020/21 – 2022/23, 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, in April 2021 the Council paid £46.726m based on an estimated pensionable payroll of £79.874m per annum in order to make a budget saving. In line with the Council's accounting policies, in 2020/21 the amounts relating to 2021/22 and 2022/23 have been offset against the pension liability on the balance sheet. These amounts will be reflected in the pension reserve in the years to which they related.

At the close of the triennial period the pension reserve and the pension liability will be brought into line with each other. For further details see Note 30 Defined Benefit Pension Schemes.

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 buildings 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 2020/21 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.

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

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

Debt Impairment

At 31 March 2021, the Council had a balance of short-term debtors of £96.928m. A review of significant balances suggested that an expected credit loss of £47.266m 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 2021. The asset is valued using the earnings based method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the 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 2021 the Council's valuers advised an increase of £1.800m in the fair value of the shares held by Oldham Council from £30.200m to £32.000m 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 2020/21 the Council's actuaries advised that the net pension liability had increased by £119.417m to £444.288m.

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 £152.275m. A 0.5% increase in the assumed salary increase rate would result in a £13.384m increase in the pension liability and an increase of 0.5% in the assumed pension increase rate would increase the pension liability by £135.768m.

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.

If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. However, the Authority has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

Business Rates

Following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2020/21 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The estimated provision has been calculated using the latest Valuation Office Agency (VOA) ratings list of ratings appeals and the analysis of successful appeals to date. The Council's share of the balance of business rate appeals provisions at 31 March 2021 was £6.753m.

Provisions

The Council has estimated its short-term insurance provisions based on the value of claims settled in previous years.

During 2020/21 there was a reduction of £1.008m from £3.191m in 2019/20 to £2.183 as at 31 March 2021. Long Term Insurance Provisions have remained the same as in 2019/20. There has been a release of £0.133m of Other Long Term Provision resulting in a balance of £15.667m as at 31 March 2021. For future years, where it is difficult to provide a reliable estimate, contingent liabilities have been disclosed in addition to long term provisions.

Whilst there is always a requirement to make assumptions and always an element of uncertainty, COVID has added an extra challenge which has heightened risk in considering future estimates.

38. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 6 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

4.1 Housing Revenue Account (HRA)

Housing Revenue Account Income and Expenditure Statement

| HRA Income and Expenditure Statement | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Expenditure | | |
| Repairs and Maintenance | 3,152 | 3,310 |
| Supervision and Management | 4,013 | 4,214 |
| Rent, rates, taxes and other charges | 3,035 | 2,693 |
| Depreciation, impairment and revaluation losses of non-current assets | 4,785 | 5,275 |
| Debt management costs | 145 | 145 |
| Movement for the allowance of bad debts | 4 | - |
| Total Expenditure | 15,134 | 15,637 |
| Income | | |
| Dwellings rents | (8,506) | (8,728) |
| Non-dwelling rents | (112) | (34) |
| Charges for services and facilities | (1,039) | (1,031) |
| Contributions towards expenditure | (413) | (44) |
| PFI Credits receivable | (18,799) | (18,799) |
| Total Income | (28,869) | (28,635) |
| | | |
| Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement | (13,734) | (12,999) |
| HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement: | | |
| Gain on sale of HRA non-current assets | (209) | (50) |
| Movement for the allowance of bad debts | | - |
| Interest payable and similar charges | 11,114 | 10,856 |
| HRA Interest and investment income | (419) | (69) |
| Surplus for the year on HRA Services | (3,249) | (2,263) |

Statement of Movement in the Housing Revenue Account

| Movement on the HRA Statement | Prior Year £000 | Current Year £000 |
|--|--------------------|----------------------|
| Opening Balance | (21,304) | (21,795) |
| Surplus for the year on the HRA Income and Expenditure Statement | (3,249) | (2,263) |
| Adjustments between accounting basis and funding basis under statute | 2,758 | 2,688 |
| (Increase)/Decrease in the HRA Balance | (491) | 425 |
| Closing Balance | (21,795) | (21,370) |

| Note to Movement on the HRA Statement | Prior Year £000 | Current Year £000 |
|---|--------------------|----------------------|
| Analysis of adjustments between accounting basis and funding basis under statute | | |
| Depreciation, impairment and revaluation losses of non-current assets | (4,797) | (5,278) |
| Minimum Revenue Provision | 5,123 | 5,301 |
| Gain or loss on sale of HRA fixed assets | 221 | 53 |
| Capital Expenditure funded by the HRA | 2,134 | 2,532 |
| Transfer to Major Repairs Reserve | 77 | 80 |
| Net Adjustment | 2,758 | 2,688 |

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 2020/21 for the production of its 2020/21 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 which is explained 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 the majority of the Council HRA dwellings are covered by Private Finance Initiative (PFI) contracts (until 2036), any future repairs and maintenance costs 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.

Previously, 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 2020/21 Balance £000 | Adjustment for the Item 8 Determination £000 | Adjusted 2020/21 Balance £000 |
|-------------------------|------------------------------------|---|--|
| Housing Revenue Account | (21,371) | 5,236 | (16,135) |
| Major Repairs Reserve | (806) | (5,236) | (6,042) |

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.

4.1.1 Explanatory Notes to the Housing Revenue Account

H1. Housing Stock – Numbers

At 31 March 2021, the Council had a total housing stock of 2,100 dwellings including the 19 new dwellings acquired during the financial year following a purchase at Primrose Bank. This was comprised of 1,246 Houses and Bungalows, and 854 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

| | 31 March 2020 £000 | 31 March 2021 £000 |
|----------------------------|--------------------------|--------------------------|
| Dwellings | 73,591 | 75,252 |
| Other Operational Property | 1,538 | 1,404 |
| Plant and Machinery | 862 | 862 |
| Total | 75,991 | 77,518 |

The Vacant Possession Dwellings valuation is £189.993m as at 31 March 2021. 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 2020 | 4,922 |
| Depreciation written off during the year | (4,751) |
| Depreciation during the year | 5,316 |
| Balance at 31 March 2021 | 5,487 |

| Impairment | Operational Assets £000 |
|---|----------------------------|
| Balance at 1 April 2020 | (1,595) |
| Impairment written off during the year | 1 |
| Impairment Reclassified as Revaluation Loss | 1 |
| Balance at 31 March 2021 | (1,593) |

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

| 2019/20 Total £000 | | 2020/21 Council Tax £000 | 2020/21 Business Rates £000 | 2020/21 Total £000 | Note |
|--------------------------|--|-----------------------------------|--------------------------------------|--------------------------|------|
| | Income | | | | |
| (111,196) | Council Taxpayers | (114,438) | - | (114,438) | C2 |
| (57,460) | Income from Business Ratepayers | - | (31,383) | (31,383) | C3 |
| (168,656) | | (114,438) | (31,383) | (145,821) | |
| | Expenditure | | | | |
| | Precepts: | | | | |
| 92,367 | - Oldham Council | 96,756 | | 96,756 | |
| 11,242 | - GMCA Mayoral Police and Crime Commissioner | 12,011 | | 12,011 | |
| 4,363 | - GMCA Mayoral General Precept (including fire services) | 5,244 | | 5,244 | |
| | Release of Council Tax Surplus: | | | | |
| 2,209 | - Oldham Council | 351 | | 351 | |
| 246 | - GMCA Mayoral Police and Crime Commissioner | 43 | | 43 | |
| 96 | - GMCA Mayoral General Precept (including fire services) | 17 | | 17 | |
| | Business Rates: | | | | |
| 53,708 | - Payments to Oldham Council | | 53,436 | 53,436 | |
| 543 | - GMCA Mayoral General Precept (including fire services) | | 540 | 540 | |
| | Distribution of Estimated Business Rates Surplus: | | | | |
| 60 | - Payments from Oldham Council | | 1,050 | 1,050 | |
| 1 | - GMCA Mayoral General Precept (including fire services) | | 11 | 11 | |
| 300 | Cost of Collection | - | 295 | 295 | |
| 958 | Transitional Protection Payments Due for the Year | - | 889 | 889 | |
| 3,837 | Change in Allowance for Impairment | 3,475 | 587 | 4,062 | |
| 428 | Write-offs charged to Collection Fund | 171 | 1,152 | 1,323 | |
| (850) | Change in provision for alteration of lists and appeals | - | 301 | 301 | |
| 169,508 | | 118,068 | 58,261 | 176,329 | |
| 852 | Deficit/(Surplus) for the year | 3,630 | 26,878 | 30,508 | |
| | Collection Fund Balance | | | | |
| (4,147) | Balance brought forward at 1 April | (184) | (3,111) | (3,295) | |
| 852 | Deficit/(Surplus) for the year | 3,630 | 26,878 | 30,508 | |
| (3,295) | Balance carried forward at 31 March | 3,446 | 23,767 | 27,213 | |
| | Allocated to: | | | | |
| (3,239) | - Oldham Council | 2,924 | 23,529 | 26,453 | |
| (19) | - GMCA Mayoral Police and Crime Commissioner | 365 | - | 365 | |
| (37) | - GMCA Mayoral General Precept (including fire services) | 157 | 238 | 395 | |
| (3,295) | | 3,446 | 23,767 | 27,213 | |

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 2017/18 onward, the Council has taken part in the Greater Manchester 100% business rates retention pilot, therefore for 2020/21 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

The Collection Fund deficit for 2020/21 is much larger than in previous years, particularly in relation to Business Rates. This is primarily as a result of businesses being awarded expanded retail and nursery reliefs in 2020/21 totalling £25.182m, as part of the Government's response to the COVID-19 pandemic. These reliefs were not anticipated on the 2020/21 NNDR1 Government return submitted to Central Government in January 2020. This Government return informed the Council's Budget setting for 2020/21.

The reliefs effectively reduce the net amount the Council can collect from businesses, and as the precept amounts cannot be changed the result is a considerable deficit. However, these reliefs are funded by MHCLG through Section 31 Grants. These grants have been received in 2020/21 and have been transferred to the Council's earmarked reserve. This reserve will be used to offset the Collection Fund deficit when it is charged to the Council's General Fund in 2021/22.

Another Collection Fund accounting change which has taken place in 2020/21 relates to the phasing of Collection Fund deficits. The intention to implement the three year local tax collection fund deficit phasing was announced by the Secretary of State on 2 July 2020. The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament on 5 November 2020, and came into force on 1 December 2020. The regulations amend the rules governing the apportionment of Collection Fund surpluses and deficits for Council Tax and Business Rates set out in the Local Authorities (Funds) (England) Regulations 1992 and the Non-Domestic Rating (Rates Retention) Regulations 2013. The phasing of deficits relates only to the 'exceptional amount' (i.e. relating to COVID-19), therefore does not include any amount brought forward into the Collection Fund, relating to previous years surpluses or deficits.

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 2020/21, equivalent Band D properties, was 57,663 (56,693 in 2019/20). 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 2020/21 was approved at the Cabinet meeting on 16 December 2019 and was calculated as follows:

| Band | Chargeable Dwellings | Proportion of Band D Tax | Equivalent Band D Dwellings |
|--|----------------------|--------------------------|-----------------------------|
| A Reduced | 128 | 5/9 | 71 |
| A | 43,841 | 6/9 | 29,227 |
| B | 15,589 | 7/9 | 12,125 |
| C | 14,843 | 8/9 | 13,194 |
| D | 6,452 | 9/9 | 6,452 |
| E | 3,096 | 11/9 | 3,783 |
| F | 1,445 | 13/9 | 2,088 |
| G | 842 | 15/9 | 1,404 |
| H | 55 | 18/9 | 111 |
| Net effect of premiums and discounts | | | (9,007) |
| Tax Base before adjustment for collection rate | | | 59,446 |
| Estimated collection rate | | | 97.00% |
| Tax Base for the Calculation of Council Tax | | | 57,663 |

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 Taxpayers in 2020/21 was £114.438m (111.196m 2019/20).

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 2020/21, the total non-domestic rateable value at 31 March 2021 is £156.088m (£156.765m in 2019/20). The national multipliers for 2020/21 were 49.9p for qualifying Small Businesses, and the standard multiplier being 51.2p for all other businesses (49.1p and 50.4p respectively in 2019/20).

5.0 Group Accounts

Introduction

The Council is a complex organisation and undertakes a broad range 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

| | 2019/20 | | | 2020/21 | | |
|--|----------------|------------------|--|----------------|------------------|----------------|
| | Gross | Net | | Gross | Net | |
| | Expenditure | Expenditure | | Expenditure | Expenditure | |
| | £000 | £000 | | £000 | £000 | |
| | 5,800 | (1,892) | 3,908 | 4,776 | (1,335) | 3,441 |
| | 27,762 | (5,976) | 21,786 | 29,388 | (8,943) | 20,445 |
| | 65,852 | (24,321) | 41,531 | 73,749 | (24,777) | 48,972 |
| | 271,233 | (184,765) | 86,468 | 266,476 | (192,254) | 74,222 |
| | 105,667 | (35,135) | 70,532 | 118,558 | (63,043) | 55,515 |
| | 44,819 | (8,589) | 36,230 | 51,950 | (17,704) | 34,246 |
| | 63,131 | (57,791) | 5,340 | 48,098 | (50,956) | (2,858) |
| | 6,960 | - | 6,960 | 6,731 | - | 6,731 |
| | 15,038 | (28,869) | (13,831) | 15,596 | (28,635) | (13,039) |
| | 606,262 | (347,338) | 258,924 | 615,322 | (387,647) | 227,675 |
| | | | Cost of Services | | | |
| | | | Other Operating Expenditure | | | |
| | | 278 | Parish Council precepts | | | 291 |
| | | - | Payments to Housing capital receipts to government pool | | | - |
| | | 33,988 | Levies | | | 33,591 |
| | | (936) | (Gains)/losses on the disposal of non-current assets | | | (1,352) |
| | | 33,330 | Total Other Operating Expenditure | | | 32,530 |
| | | 44,307 | Financing and Investment Income and Expenditure | | | 29,519 |
| | | (260,186) | Taxation and Non-Specific Grant Income | | | (286,567) |
| | | 76,375 | (Surplus) or Deficit on Provision of Services | | | 3,157 |
| | | - | Tax expense of Subsidiaries | | | - |
| | | 76,375 | Group (Surplus)/Deficit | | | 3,157 |
| | | (39,392) | Other Comprehensive Income and Expenditure | | | (21,818) |
| | | 64 | Revaluation (gains)/losses non-current assets | | | 190 |
| | | 22,287 | Impairment losses on non-current assets | | | (1,893) |
| | | (139,381) | Surplus or deficit on revaluation of available for sale financial assets | | | 148,878 |
| | | - | Remeasurement of net defined benefit liability | | | - |
| | | - | Deferred Tax relating to pension scheme | | | 250 |
| | | - | Dividends Paid | | | |
| | | (156,422) | Total Other Comprehensive Income and Expenditure | | | 125,607 |
| | | (80,047) | Total Comprehensive Income and Expenditure | | | 128,764 |

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. The opening balance of the Council's share of Group Reserves has been restated to reflect the change in the MioCare Group's accounting period.

| Movement in reserves during 2020/21 | 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 |
| Restated Balance at 1 April | (15,110) | (87,865) | (102,975) | (21,796) | - | (726) | (21,018) | (146,515) | (20,546) | (167,061) | 5,638 | (161,423) |
| Reporting of Schools Budget | | | | | | | | | | | | |
| Deficit to new Adjustment Account at 1 April 2020 | - | (4,916) | (4,916) | - | - | - | - | (4,916) | 4,916 | - | - | - |
| Restated Balance at 1 April | (15,110) | (92,781) | (107,891) | (21,796) | - | (726) | (21,018) | (151,431) | (15,630) | (167,061) | 5,638 | (161,423) |
| Total Comprehensive Income and Expenditure | (28,987) | - | (28,987) | (2,263) | - | - | - | (31,250) | 111,008 | 79,758 | 49,006 | 128,764 |
| Adjustments Between Accounting Basis and Funding Basis under regulations | (56,121) | - | (56,121) | 2,688 | - | (80) | 367 | (53,146) | 53,146 | - | - | - |
| Adjustments Between Group Accounts and Authority Accounts | 32,772 | - | 32,772 | - | - | - | - | 32,772 | - | 32,772 | (32,772) | - |
| Net (Increase)/Decrease before transfers to Earmarked Reserves | (52,336) | - | (52,336) | 425 | - | (80) | 367 | (51,624) | 164,154 | 112,530 | 16,234 | 128,764 |
| Transfers To/(From) Earmarked Reserves | 50,183 | (50,183) | - | - | - | - | - | - | - | - | - | - |
| (Increase)/Decrease in year | (2,153) | (50,183) | (52,336) | 425 | - | (80) | 367 | (51,624) | 164,154 | 112,530 | 16,234 | 128,764 |
| Balance at 31 March | (17,263) | (142,964) | (160,227) | (21,371) | - | (806) | (20,651) | (203,055) | 148,524 | (54,531) | 21,872 | (32,659) |

| 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 Group Accounts and Authority Accounts | (70,767) | - | (70,767) | 2,758 | - | (77) | 21,971 | (46,115) | 46,115 | - | - | - |
| Adjustments Between Accounting Basis and Funding Basis under Regulations | 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) |

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 2020 £000 | | 31 March 2021 £000 |
|-----------------------|---|-----------------------|
| 734,489 | Property Plant and Equipment | 754,641 |
| 19,770 | Heritage Assets | 19,770 |
| 20,078 | Investment Property | 18,817 |
| 4,059 | Intangible Assets | 4,271 |
| 48,595 | Long Term Investments | 54,115 |
| 22,508 | Long Term Debtors | 35,034 |
| 849,499 | Long Term Assets | 886,648 |
| 40,775 | Short Term Investments | 40,671 |
| 621 | Inventories | 517 |
| 46,955 | Short Term Debtors | 52,200 |
| 61,709 | Cash and Cash Equivalents | 26,708 |
| - | Current Tax Asset | 821 |
| 310 | Assets Held For Sale (Less than one year) | 568 |
| 151,370 | Current Assets | 121,485 |
| (1,716) | Short Term Borrowing | (6,697) |
| (71,236) | Short Term Creditors | (81,500) |
| (12,567) | Short Term Provisions | (9,761) |
| | Short Term Liabilities | |
| (10,216) | - Private Finance Initiatives | (9,746) |
| (314) | - Finance Leases | (302) |
| (1,108) | - Transferred Debt | (1,180) |
| (97,157) | Current Liabilities | (109,186) |
| (15,800) | Long Term Provisions | (15,666) |
| (168,364) | Long Term Borrowing | (168,355) |
| | Other Long Term Liabilities | |
| (332,545) | - Pension Liabilities | (467,977) |
| (222,531) | - Private Finance Initiatives | (212,785) |
| (474) | - Finance Leases | (349) |
| (1,224) | - Transferred Debt | (44) |
| (17) | - Deferred Credits | (17) |
| (835) | Capital Grants Receipts In Advance | (1,095) |
| (741,790) | Long Term Liabilities | (866,288) |
| 160,922 | Net Assets | 32,659 |
| (140,376) | Usable Reserves | (181,183) |
| (20,546) | Unusable Reserves | 148,524 |
| (160,922) | Total Reserves | (32,659) |

5.4 Group Cash Flow Statement

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Net surplus or (deficit) on the provision of services | (76,045) | (3,157) |
| Adjustment to surplus or deficit on the provision of services for non-cash movements | 132,943 | 36,856 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (29,948) | (23,532) |
| Net cash flows from operating activities | 26,950 | 10,167 |
| Net Cash flows from Investing Activities | (9,835) | (35,274) |
| Net Cash flows from Financing Activities | 9,303 | (10,097) |
| Net increase or (decrease) in cash and cash equivalents | 26,418 | (35,204) |
| Cash and cash equivalents at the beginning of the reporting period* | 35,291 | 61,812 |
| Cash and cash equivalents at the end of the reporting period | 61,709 | 26,608 |

* Opening cash balances for 2020/21 have been restated to reflect the change in the MioCare Group accounting period.

Cash and cash equivalents at the end of year comprise:

| | 2020/21 £000 |
|--|-----------------|
| Cash balances | 26,708 |
| Overdraft (included within creditors) | (100) |
| Total Cash and Cash Equivalents | 26,608 |

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 34. 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 is 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.

G2. Bodies Not Consolidated

The following the assessment of the Council's group boundaries the following have not been consolidated into Group Accounts on the grounds that they are individually and collectively immaterial.

| 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.

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 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 company's 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 2020 £000 | As at 31 March 2021 £000 |
|--------------------------------|--------------------------------|--------------------------------|
| Net Assets | 2,528 | 1,910 |
| Surplus/(Deficit) - before tax | 258 | 6 |
| Surplus (Deficit) - after tax | 204 | 6 |

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 29 and Note 30 of the single entity accounts.

| | 2019/20 £000 | 2020/21 £000 |
|---|-----------------|------------------|
| Service Cost | | |
| Current service cost | (40,582) | (30,963) |
| Past service cost (including curtailments) | (5,227) | (474) |
| Total service cost | (45,809) | (31,437) |
| Financing and Investment Income and Expenditure | | |
| Interest income on scheme assets | 26,660 | 22,397 |
| Interest cost on defined benefit obligation | (37,258) | (30,343) |
| Total net interest | (10,598) | (7,946) |
| Total Post-Employment Benefits Charged to the Deficit on the Provision of Services | (56,407) | (39,383) |
| Remeasurements of the Net Defined Liability Comprising: | | |
| Return on plan assets excluding amounts included in net interest | (112,861) | 195,447 |
| Change in demographic assumptions | 43,277 | (8,580) |
| Actuarial gains/(losses) arising from changes in financial assumptions | 102,651 | (348,419) |
| Other | 106,314 | 12,674 |
| Total remeasurements recognised in other comprehensive income | 139,381 | (148,878) |
| Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement | 82,974 | (188,261) |
| Movement in Reserves Statement | | |
| Reversal of net charges made to the deficit on the provision of services | 56,407 | 39,383 |
| Employers' Contributions Payable to the Scheme | (21,097) | (21,678) |

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:

| | 2019/20 £000 | 2020/21 £000 |
|--|------------------|------------------|
| Fair value of plan assets | 988,648 | 1,225,885 |
| Present value of funded liabilities | (1,283,099) | (1,654,080) |
| Present value of unfunded liabilities | (38,094) | (39,782) |
| Net Liability Arising From Defined Benefit Obligation | (332,545) | (467,977) |

Reconciliation of the Movements in Fair Value of Scheme Assets

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|------------------|
| Opening fair value of scheme assets | 1,101,651 | 988,648 |
| Interest income | 26,660 | 22,397 |
| Remeasurement Gain | | |
| Return on plan assets excluding amounts included in net interest | (112,861) | 195,447 |
| Contributions from employer | 7,249 | 52,829 |
| Contributions from employees into the scheme | 6,074 | 6,237 |
| Benefits paid | (40,125) | (39,673) |
| Closing Fair Value of Scheme Assets | 988,648 | 1,225,885 |

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

| | 2019/20 £000 | 2020/21 £000 |
|---|------------------|------------------|
| Opening fair value of scheme liabilities | 1,524,419 | 1,321,193 |
| Current service cost | 40,582 | 30,963 |
| Interest cost | 37,258 | 30,343 |
| Contributions from scheme participants | 6,074 | 6,237 |
| Remeasurement Loss | | |
| Actuarial (Gains)/ Losses arising from changes in financial assumptions | (102,651) | 348,419 |
| Change to demographic assumptions | (43,277) | 8,580 |
| Other | (106,314) | (12,674) |
| Past service cost | 5,227 | 474 |
| Benefits paid | (40,125) | (39,673) |
| Closing Fair Value of Scheme Liabilities | 1,321,193 | 1,693,862 |

Pension Scheme Assets

| | 31 March 2020 £000 | 31 March 2021 £000 |
|------------------|--------------------------|--------------------------|
| Equities | 597,823 | 737,933 |
| Debt Instruments | 179,149 | 221,580 |
| Property | 188,641 | 233,660 |
| Cash | 23,036 | 33,591 |
| Derivatives | - | (879) |
| Total | 988,648 | 1,225,885 |

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 and MioCare have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest valuation of the scheme as at 31 March 2021 for MioCare and for The Unity Partnership Ltd and Oldham Council.

The significant assumptions used by the actuary have been:

| MioCare Services CIC | 2019/20 | 2020/21 |
|--|---------|---------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners: | | |
| Men | 20.5 | 20.5 |
| Women | 23.1 | 23.3 |
| Longevity at 65 for future pensioners: | | |
| Men | 22.0 | 21.9 |
| Women | 25.0 | 25.3 |
| Rate of increase in salaries | 2.60% | 3.55% |
| Rate of increase in pensions (CPI) | 1.80% | 2.80% |
| Rate for discounting scheme liabilities | 2.30% | 2.05% |

| The Unity Partnership Ltd | 2019/20 | 2020/21 |
|--|---------|---------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners: | | |
| Men | 20.5 | 20.5 |
| Women | 23.1 | 23.3 |
| Longevity at 65 for future pensioners: | | |
| Men | 22.0 | 21.9 |
| Women | 25.0 | 25.3 |
| Rate of increase in salaries | 2.70% | 3.60% |
| Rate of increase in pensions (CPI) | 1.90% | 2.85% |
| Rate for discounting scheme liabilities | 2.30% | 2.00% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below 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 2019/20.

| MioCare Group CIC Change in Assumptions at 31 March 2021 | Approximate % Increase to Employee Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.5% decrease in real discount rate | 12% | 7,342 |
| 0.5% increase in the salary increase rate | 2% | 976 |
| 0.5% increase in the pension increase rate | 10% | 6,197 |

| The Unity Partnership Change in Assumptions at 31 March 2021 | Approximate % Increase to Employee Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.5% decrease in real discount rate | 11% | 9,851 |
| 0.5% increase in the salary increase rate | 1% | 1,202 |
| 0.5% increase in the pension increase rate | 9% | 8,420 |

The significant assumptions used to assess the Council's Pension scheme assets and liabilities can be found in Note 30, along with an associated sensitivity analysis.

G5. Group Defined Benefit Pension Schemes

The Group has incurred the following costs in relation to the Group audit fees for the external audit of the Council's Statement of Accounts and the audit of the accounts of The Unity Partnership by Mazars LLP.

| | 2019/20 £000 | 2020/21 £000 |
|--|-----------------|-----------------|
| Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for Oldham Council | 134 | 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 Ltd. | 24 | 25 |
| Total | 158 | 129 |

The Council has incurred an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP for 2019/20. The additional fee of

£29,740 agreed takes the total cost for 2019/20 to £134,148 and has been approved by Public Sector Audit Appointments Limited (PSAA).

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 plan 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 austerity programme and the uncertainty arising from the COVID-19 pandemic.

In discharging this overall responsibility, the Authority must put 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 (LCCG), an updated version of which was issued to Audit Committee for its meeting on 10 June 2021. The LCCG is publicised on the Council's website.

The Annual Governance Statement sets out how the Authority has complied with the Code and meets with regulation 4(2) of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 which have amended the Accounts and Audit Regulations (England and Wales) 2015.

Due to the COVID-19 pandemic, there was a requirement for certain decisions to be taken under emergency protocols. The Authority adopted enhanced management arrangements with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups. The approach to the management of the Authority's response to the pandemic was reported and agreed by full Council throughout the financial year. The arrangements enabled the Council to make its decisions as promptly and as transparently as possible. Regular update reports on the response to the pandemic were submitted to each Council meeting. Although the enhanced management structure remains in place, from December 2020 the frequency of the meetings reduced and some of the individual groups were amalgamated as the intensity of the response lessened and practices had become well established.

The Authority meets the requirements of Regulation 6 (1) b of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 in relation to the publication of a statement on internal control. It is subject to detailed review by the Audit Committee when it considers firstly the draft set of accounts and subsequently the final Statement of Accounts before they are formally approved. The accounts are reported to Cabinet and full Council after this Scrutiny for information.

Pre pandemic, the Authority planned to undertake significant work to address any issues required to support full implementation of the CIPFA Financial Management Code which outlines the principles of good financial management. This work was not as comprehensively progressed as originally planned in the financial year 2020/21 due to extra pressure on the Finance Service as it supported the corporate response to the pandemic. This was recognised nationally as an issue

and the expected implementation date was deferred by a year. Compliance has been reviewed in 2020 and 2021. This will support the implementation during 2021/22 of any action required.

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 not a member of the Councils Executive Management Team (EMT). However, whilst not a standing member, during the pandemic, the Director of Finance has attended meetings of the EMT / Joint Leadership Team (which includes senior officers of Oldham Clinical Commissioning Group). The Director of Finance is a member of and attends the meetings of the Senior Management Team which integrates EMT and all Directors via a single management meeting. All Statutory Officers have access to the Chief Executive.

The Council considers that its management arrangements are appropriate in the context of compliance with the CIPFA Statement and requirements of the CIPFA Financial Management Code.

The issues identified as significant governance issues and the progress made by management throughout the financial year 2020/21 to address these issues, have been 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's 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 financial year 2020/21 required changes to the standard decision-making processes adopted by the Authority so it could take decisions quickly informed by the command structure put into place to respond to the pandemic and support partners. This approach was ratified by full Council and certain key groups of officers and Members provided independent scrutiny in key areas such as grant administration and one-off support to suppliers.

The governance framework which has been in place at the Authority for the year ended 31 March 2021 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. This has included issues arising from the response to the pandemic which have highlighted where future practice could be improved.

The Governance Framework

The Authority is a Metropolitan District which was created 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 set out in the sections below entitled “Communicating the Authority’s Vision” and “Co-operative Council in a Co-operative Borough.”

Communicating the Authority’s Vision

The Vision is set out in both the Oldham Plan and the Corporate Plan supplemented by the development of a COVID Recovery Strategy. These are aligned to establish a clear link between; Local, Central Government and Greater Manchester regional priorities, including the devolution of health services. It establishes the Council’s priorities developed in partnership with key stakeholders and the local community around the delivery of the core business of the Council.

The Council initially endorsed the vision July 2017. It is a collective action statement covering the period 2017/2022 setting out the areas that 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 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.

Clearly, the delivery of the vision as initially planned for 2020/21 was interrupted by COVID, although the response to the pandemic has been framed around the guiding principles. Updates on the action taken to support the response to the pandemic, following the established principles have been reported to each regular business meeting of the Council.

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 being achieved by a real commitment to change and working closely with residents, partners and the 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 2020/21 budget, circa £200m of budget reductions have been introduced. Further recurrent savings £8.793m were agreed at the 2021/22 Budget Council meeting and there is a significant savings target over the remainder of the period covered by the current Medium-Term Financial Strategy (MTFS), (2022/23 and 2023/24)

It is clear that the Council cannot continue to deliver services as we have always delivered them and a response to the financial challenge was required. The response followed the ethos of the 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 the Council continues to provide its statutory services and duties, it will continue to work more closely with all partners and stakeholders in Oldham to ensure that the

services delivered continue to; provide value for money, meet the specific needs of Oldham's communities, remove duplication and ensure the combined skills, resources and influence are used 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 before the production of the previous Annual Governance Statement for the financial year 2019/20, it became apparent that the United Kingdom was facing a public health challenge due to the COVID-19 pandemic. Due to its role both as a provider of key public services and as a partner to the NHS, Oldham Council had before the start of the financial year 2020/21 instigated its service continuity measures to ensure the continued provision of its essential services. This included the enactment of emergency decision-making powers which continued throughout the financial year 2020/21 (as appropriate) when it became clear the pandemic was a serious public health issue that required longer term management.

In order to support the wider Government response to the pandemic the Council both directly and acting as an Agent for Government departments, delivered services in response to the pandemic and provided Financial Support to third parties including businesses within the area. This support has been significant and where appropriate has required the reallocation of staffing resources from business as usual to ensure the administration process used was sound and effectively undertaken.

In part, this unforeseen reallocation of resources required several staff within the Internal Audit Service to be deployed on the administration of grants to businesses throughout the first four months of 2020/21. As such reports of the Head of Internal Audit to the Audit Committee reflect this matter. As a consequence, only a more limited assurance on the control environment can be given to the to the Audit Committee for the financial year 2020/21.

The impact of the pandemic on the Council has the potential to be long term, particularly financially, through increasing demand for services and a potential permanent reduction in future income. The impact upon the long-term financial position is very difficult to accurately assess with key elements of the Statutory Accounts such as the Collection Fund (which manages Council Tax and Business Rate collection) severely impacted. The Government is allowing Councils to manage Collection Fund losses over a three-year period (2021/22 to 2023/24) to phase the impact of income lost in 2020/21 and allow time for collection to recover. If this recovery does not happen then there is a risk of the legacy of COVID having a more longer lasting financial impact on the Council.

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 challenges to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy, updated at full Council during 2020/21, 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. The Scrutiny process was subject to review during 2020/21 and issues of governance/ scrutiny which highlighted where improvements could be made in processes at certain other local authorities as set out in the public domain, were reported to appropriate Committees to enable them to better discharge their roles. This included a review of partnership governance within the Council which was reported to the Audit Committee.

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 in his role 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 24 March 2020 when in accordance with Government Instruction the country went into a national lockdown, thus instigating home working (where practical) and preventing the holding of public meetings. At this point the emergency powers in the Constitution delegating decision making to the Council Leader and the Chief Executive were introduced until legislation was enacted to enable meetings to be held live using video conferencing technology such as Microsoft Teams, beginning in late April 2020. Given the sensitivity of planning matters no emergency decisions were made that would have normally been under the remit of the Planning Committee. All decisions taken at Committee level have been via meetings conducted remotely via video conferencing.

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 and subject to a report to full Council.

The Council has a clear set of values and behaviours which are shared borough-wide with residents, partners and the business community. 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. The pandemic has given staff the opportunity to demonstrate these values.

Staff would normally be assisted in this aspect by the Corporate Personal Performance Framework (suspended due to the pandemic) 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 pandemic has involved the Council working extensively with its partners with some Council staff redeployed to support partner service provision.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage. During the pandemic the Council, in providing support to suppliers followed Government advice to preserve the supply chain where appropriate, to guarantee future service delivery.

The Procurement 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.

The Corporate Peer Review findings formally received in March 2020, indicated this relationship works well in taking forward improvements within the Borough. Whilst the Authority hoped to take forward the recommendations in 2020/21, it has not been possible due to the pandemic.

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. This was supplemented in 2020/21 by the Council, at its meeting on 9 September 2020, supporting the United Nations Sustainable Development Goals.

The Authority has also demonstrated its support of sustainability by appropriate self-financing of 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 2021/22 following detailed design and

remodelling exercise in 2020/21. This has been supported by a successful bid to the Government's Decarbonisation Fund to support the planned eco-friendly/ carbon efficient heating system.

The Council, at its meeting on 11 September 2019 agreed to declare a Carbon Emergency and set itself the challenging target of being Carbon Neutral by 2025 with an aspiration for the Borough by 2030. In addition, the Council supported specific green projects with continued work to develop the concept of Northern Roots which is a future eco-friendly sustainable development consistent with the green aspirations of the Council. This project was on-going throughout 2020/21 with the Council looking to create a charitable company to develop the concept and utilise Towns Fund grant from Government to support future development works. The feasibility of a Solar Farm at the Wrigley Head site was also further developed to reflect the affordability and the Council's desire to facilitate the construction. The Green Agenda is a key element of both the Creating a Better Place Initiative and Community Wealth Building Initiatives.

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 2020/21, the Council's Chief Executive continued to undertake the role of Accountable Officer for the Clinical Commissioning Group in the Locality better integrating both organisations with a Joint Leadership Team management structure. The Executive Management structure will continue to be subject to regular review as integration with the NHS develops in Oldham.

During 2020/21 the Chief Executive Officer/Accountable Officer was seconded to assist the national effort on developing Track and Trace in response to the pandemic. Appropriate management arrangements were put in place to provide cover as required.

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 (virtually throughout 2020/21) 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 2020/21 and the subsequent 2021/22 budget, 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 Internal Audit (The Head of Corporate Governance at Oldham Council during 2020/21) 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. A fundamental review of the Contract Procedure Rules

(CPR) was undertaken during 2020/21 and these revisions were ratified at the first meeting of the Council during the first Council meeting of the Municipal Year 2021/22.

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. The Council has struggled to recruit to these roles. The recruitment of an Independent Chair was not successful despite three separate adverts. A further exercise was deferred in 2020/21 due to the pandemic. This recruitment will now be undertaken in 2021/22.

The Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework. In the financial year 2020/21 the membership of the Audit Committee did not change so no specific training was required as it was provided in 2019/20.

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 into 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. During 2020/21, the Leader of the Council was the GMCA lead for Education, Skills and Digital across the region.

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) traditionally 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. It is important to note in 2020/21 financial monitoring information was produced monthly in order to ensure transparency in the COVID response.

The Overview and Scrutiny Board receives reports on specific matters and policy initiatives to be considered by Cabinet at future meetings, 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 prior to its detailed review undertaken in 2020/21.

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 (£0.006m in 2020/21) to spend on local priorities. Working through their local contacts, these local representatives utilising their budgets were able to support a number of community groups during the pandemic.

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 concern and agree a common approach on shared issues.

In order to ensure its message is effectively communicated to its citizens, the Council's Communications function proactively prepares 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 website was redesigned in the 2019/20 financial year and ensures the communication medium with the Council and its residents remains up to-date. This was an important means of communication with citizens and source of information throughout the pandemic during 2020/21.

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 2020/21 with a small underspend of £2.153M. The pandemic linked into COVID-19 has resulted in additional expenditure for the financial year 2020/21 which has been financed by enhanced Central Government support. It proved challenging monitoring the financial position during the year with ever increasing levels of Government grant being provided for general purposes and specific initiatives. Overall, the modest favourable variance will assist future financial resilience.

Central Government provided wide ranging funding throughout the financial year to support increased expenditure in response to the pandemic, to compensate for loss of income and relieve hardship for residents.

Further financial support for adult social care was received from the NHS via Oldham CCG to support hospital discharges but also more specific adult social care functions. This was facilitated via the Section 75 pooled budget agreement.

Further additional grant funding was received to administer support to businesses, starting with £54.738M paid right at the beginning of 2020/21. This was initially paid to enable the Council to act as an agent on behalf of Government to administer a mandatory grants under the Small Business Grant Fund (SBGF) and the Retail, Leisure and Hospitality Grant Fund (RLHGF). This was then extended to include a discretionary grant scheme. In total £47.845M was paid under the SBGF and the RLHGF and £2.501m under the discretionary scheme. As per the guidance, unspent grant was repaid to Central Government in 2020/21.

As it became apparent further restrictions to businesses would be required in the financial year the Council acted as both the agent and principal (dependent upon the type of grant) to further government support to businesses (Local Restrictions Support Grant and Additional Restrictions Grant). It also received funding to support vulnerable residents, to contain the spread of the virus and a grant to support enforcement. Overall a further £110.669M of specific and unringfenced grants were received by the Council from Central Government to aid the response to the pandemic.

Consideration and approval by the Authority of its future budget for 2021/22 took place at its 4 March 2021 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 (with a further 1% increase deferred to 2022/23) and a 0.99% Council Tax increase for general services.

The budget was set having regard to the anticipated financial implications of COVID-19 and the impact on future financial resilience together with expected levels of extra Central Government support. There is a risk the financial legacy of COVID impacts on the longer-term resilience of the Council. This will become clearer as further information becomes available.

The Council's Four-Year Efficiency Plan was initially prepared to give certainty over the level of Central Government funding from 2016/17 to 2019/20, and effectively planned for year on year reductions to budgets. This was initially agreed by Cabinet on 5 September 2016 and the period the plan covered is now complete. This underpinned the Medium-Term Financial Strategy (MTFS) of the Council at the time to support the budget process until the end of the Financial Year 2019/20. It supported the financial resilience of the Authority enabling it to withstand unforeseen

events and pressures by maintaining an appropriate level of reserves and balances to support on-going resilience and future development of efficiencies. Since then there has only been two single year financial settlements from Government which has resulted in the preparation of the MTFS with the inclusion of a range of key assumptions about further Government grant support.

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 during the 2021/22 budget process facilitated planned one off financial support (over 2 financial years) to enable the 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 impacted in the short term on the plans for transformation during 2020/21 and future years. It is the availability of the reserves which provide short term financial resilience so the Council can continue service provision and the response required to the COVID-19 pandemic and allow time for the transformational activity to be embedded. It is possible that Central Government support for the Council will be much more limited as the country emerges from the pandemic and the financial strategy will be shaped by this as the information emerges.

The overall financial strategy following the COVID-19 pandemic enabled Council Tax rises to be set at a level, which balanced the needs of the Council around ongoing financial resilience with affordability to residents. It has also enabled the Council to manage successfully, continued pressures of demand around Children's Social Care within its 2020/21 budget.

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 has 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 support will have to continue 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 2020/21 budget delivered within the agreed resource allocation, supported this vision.

The 2020/21 budget was set pre pandemic. The resources available to the Council reflected a different operating environment and were planned to be deployed to continue to improve performance and reflect the agreed vision of a Co-operative Council in a Co-operative Borough. These principles and aspirations of the Council have not changed but are likely to require review as the full impact (the legacy of COVID) to both service provision and on financial resilience of responding to this emergency becomes clear linked into future long-term Government financial support.

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 and was incorporated into the production of Service Plans for 2020/21.

Regular updates on Corporate Governance are reported to the Audit Committee. In advance of each meeting of the Audit Committee there is the opportunity for the External Auditor to hold an informal meeting 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 managed. This is carried out during the financial year by:

- the Audit Committee;
- the Standards Committee;
- Chief Executive/ Accountable Officer;
- Deputy Chief Executive, the Strategic Directors, Managing Directors 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 which hold the Cabinet to account.

In 2020/21 the 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 has received positive feedback from Members. Towards the end of March 2020 due to the pandemic it was necessary to instigate emergency delegation as per the Councils Constitution to support

decisions required in response to the pandemic. Virtual meetings were instigated from late April 2020 to ensure decision-making was in accordance with the Constitution.

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 are 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 wards that 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 2020/21 to take account of both the Co-operative Vision, continual challenging financial targets of the Authority, the continuing integration of health and social care services, the part time secondment of the Chief Executive/Oldham CCG Accountable Officer the requirement to respond to the pandemic and specific service challenges. Appropriate management arrangements were put in place to provide cover as required.

Decision making before the pandemic was 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. This has continued in 2020/21 with remote working practices instigated.

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 4 March 2021 meeting set a budget for the financial year 2021/22 supported by an appropriate assessment of risk by the Director of Finance. All the expected risks post the pandemic as at 4 March 2021 were considered in the budget report. The future savings required by the Council with the planned achievement from future transformational activity were also presented.

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 2016/17 to 2019/20 budgets, with associated savings, were based upon this. The efficiency plan gave certainty of the main Government grant funding streams for the period now ended.

With 2019/20 being the last year of this agreement with Government and the Government announcing a one-year settlement for 2020/21 (also for 2021/22), a key issue for the Council is the uncertainty about Government funding for 2022/23, 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 whether the restrictions linked into the opening of the economy ease) and the split from the European Union whether this certainty will be provided during the financial year 2021/22. The reserves and balances available to the Council supporting its immediate financial resilience are therefore important in the context of managing a period of potential financial turbulence.

Building on the Income Strategy, Corporate Property Investment Strategy and Corporate Property Strategy which were approved prior to 31 March 2019, the Income Strategy and the Commercial Property Investment Strategy was refreshed on 16 December 2019. These are key to ensure that the Council makes the most efficient and effective use of resources and its property assets and can deliver approved budget reductions. Recent Government and CIPFA guidance have curtailed some of the planned commercial investment anticipated within the Creating a Better Place programme meaning the Corporate Property Investment Strategy is no longer being pursued (the Creating a Better Place programme was subsequently reviewed and realigned in August 2020). The pandemic will impact on these strategies even more and a further review will be required in 2021/22.

A Transformation Programme was already in progress pre pandemic under the joint working arrangements with the CCG, which sought to generate more effective service delivery and future efficiencies. The future workload of this programme has been influenced by the impact of the pandemic during 2020/21 and will be influenced by the forthcoming national changes to the delivery of NHS functions.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny which has been enhanced by the virtual meetings taking place in the financial year 2020/21 only. 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. Several urgent decisions for the financial year 2020/21 were required under emergency procedures due to the nature of the pandemic.

The Audit Committee is an essential part of good governance. It reviewed the control environment for all the Council during 2020/21 and considered the progress made on issues highlighted in the Annual Governance Statement, including specific reports on certain issues such as the implementation of the payroll system.

Internal and External Audit both have direct access to and support the Committee including the ability of the External Auditor 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 and as the Committee membership did not change in 2020/21, members were considered to be appropriately skilled to continue their function in 2020/21. All meetings in 2020/21 were held virtually.

The detailed matters reviewed by the Audit Committee during 2020/21 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;

- key developments impacting on financial resilience of other local authorities due to poor governance such as partnership governance;
- the 2019/20 Statement and Accounts and associated external audit findings;
- issues linked into data protection and cyber security; and
- the Internal Audit Charter

The Council, in order to discharge its statutory functions 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 virtually during 2020/21. This Committee 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 devolution remit. In order to improve Scrutiny a specific committee to review health matters was created during 2019/20.

The Standards Committee reviews Members' conduct following the receipt of any complaints about official conduct on Council business by commissioning independent investigations. Where appropriate matters are reported and considered by full Council. The Standards Committee operated as expected throughout 2020/21

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 the PVFM Select Committee. Where performance is perceived to be below corporate standards, specific reports are presented to the PVFM Select Committee or in the case of Educational attainment at schools, a special session is arranged to discuss issues including Academies. In addition, in 2020/21 the PVFM Select Committee reviewed the impact of budget monitoring reports with increased frequency given the pressure on both income, expenditure and the impact of receipt of government financial support which was notified at different points in the financial year.

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 2020/21 budget as funded growth to implement associated improvements identified by the January 2019 Ofsted inspection of Children's Social Care Services and the September 2019 Ofsted and Care Quality Commission inspection (revisit) of the Special Educational Needs and Disabilities service provision. These reports found services had improved from the previous inspections but further work was required.

The Council was subject to an Ofsted focussed visit during 2020/21 to review the performance of the children's social care system within the context of the restrictions during the COVID-19 pandemic. The majority of findings were positive. Also, during the year, the Special Educational Needs and Disabilities Strategy and Development Plan was reviewed to consider the impact of the pandemic on services. All of these reviews are influencing current and future service delivery.

Scrutiny of budget matters including those of the administration and opposition were, again, during 2020/21, carried out by the PVFM Select Committee. This ensures openness and transparency in the way in which Officers/Members engage and have ownership in the budget challenge process. The MTFS approved for 2020/21 to 2024/25 reflected the 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 2020/21 to continue to be part of the Greater Manchester Business Rates Retention pilot scheme. Taking part in this pilot scheme has enabled the ten Greater Manchester Authorities to test and shape the new financing regime for Local Government which is expected to be based on the retention of business rates, whilst at the same time benefitting from funding gains offered to pilot scheme Authorities. This is in addition to the benefits arising from business rates pooling which has been in operation for several financial years. It had been anticipated that a new national business rates funding regime would be implemented in 2021/22. This has not proved possible and for the financial year 2021/ 22 the existing scheme has remained unchanged before its expected replacement in 2022/23.

The Contract Procedure Rules (CPR) within the Constitution alongside the Co-operative Values and Behaviours set out in the Corporate Plan, clearly establish the Authority's requirements on social value. These have been subject to revision in 2020/21 with Council agreeing the revised CPR's at its first meeting during the municipal year 2021/22.

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 organisational framework annually to ensure it has the right people with the right skills. The Authority has an agreed Workforce Strategy, working in partnership with NHS partners. This was refreshed in 2020 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 applicable to the appointments process. This is transparent, and available to staff via the Council's intranet site.

There are targeted programmes often utilising E-Learning with the Organisational Development team supporting these policies 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 two-year period to implement the principles of the Living Wage Foundation in line with its Co-Operative Values.

A full training programme for both established and recently elected Members (the Local Leaders' Programme) continued to be delivered in 2020/21 to support the vision of a Co-operative Council. The content of the programme changes annually 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 of Internal Audit are reported to the Audit Committee which includes an annual opinion on the internal control environment. The overall opinion, based on more limited assurance for 2020/21 is adequate, indicating the continuation of a well-managed Council.

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 updates were undertaken in 2020/21 including a comprehensive review of the Contract Procedure Rules and the protocols for holding meetings remotely.

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. There were no elections in 2020/21 resulting in no new members requiring specific training.

All Statutory Officers are appropriately skilled and experienced, undertake 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. Items for decision 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, Cabinet receives financial monitoring reports. During 2020/21, the frequency of financial monitoring reports was increased to a monthly basis (months 3-9) to highlight the changing financial position and present the estimated outturn against the approved budget. The 2020/21 month 9 budget monitoring report highlighted that the Council outturn would be in line with the agreed budget. The final outturn overall increased the surplus compared to the projection although the outturn on Adult Social Care was lower than projected due to the increased financial support from Oldham CCG.

During 2020/21, management of the use of reserves was in accordance with the agreed Reserves Policy and careful financial stewardship has ensured that in year an overall underspend against the budget was achieved which will be used to increase balances and support the short to medium-term financial resilience of the Council. Overall, there has been an increase in earmarked reserves and the level remains appropriate to support the present budget strategy as set out at the meeting on 4 March 2021.

The annual budget is supported by the Director of Finance commenting upon its deliverability and is availability of an appropriate reserves policy. The final accounts, of which this Statement is an integral part, outline the outturn 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 to underpin financial resilience; 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 had to be deferred due to the longevity of 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 the pandemic which has dominated the Council's working practices since mid-February 2020 drove ever closer working relationships with the National Health Service and accelerated integrated working.

The Authority in 2020/21 has demonstrated it was proactive in engaging and communicating with key stakeholders to boost and support the public. Key examples include setting up a hub at the Civic Centre to co-ordinate and distribute Personal Protective Equipment across all sectors with a staff redeployed to assist, facilitating external funding to provide a COVID Emergency response panel to provide support to self-isolating residents.

The Council has a key role in the Greater Manchester Agenda including devolution initiatives 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 the NHS 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 for works, goods and services 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 marketplace. 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 at the Budget Council meeting prior to the start of 2020/21 to further support the Authority's preference for openness and transparency.

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 team 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 for the last two financial years and will undertake the 2020/21 audit. The audit of the Housing Benefit subsidy claims, and Teachers Pension Service Return are being undertaken via arrangements agreed as a collaborative procurement across all Greater Manchester Councils and is being undertaken by KPMG LLP.

All External audit work is conducted with regard to the Code of Practice produced by the National Audit Office. Going forward certain changes are expected to external oversight as the recommendations from the Redmond Review are considered.

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 wholly owned the Unity Partnership Ltd. and the benefits of acquisition have continued as planned.

The Council has another wholly owned Company MioCare Community Interest Company (CIC) 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 has continued its plans to integrate with NHS services to improve the efficiency of public services. The increased contribution to adult social care services by Oldham CCG in 2020/21 highlights the joint working taking place.

In response to governance failures reported elsewhere in the public domain the Audit Committee commissioned a review of risks associated with the governance of wider partnerships linked into the Council. This review reported that the risk, as at 31 March 2021 from the Council's involvement in partnerships, was currently being well managed.

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 via the production of the partnership dashboard and a report submitted to the Audit Committee highlighting the risks. This has been incorporated into the production of this Statement of Accounts and issues for consideration in the Annual Governance Statement.

Risks on Current Significant Projects

The Authority has completed some significant projects, over the last 3 years, which were included in the capital programme. An on-going strategy, Creating a Better Place, is a complex initiative which will involve working in partnership with others. Some elements of partnership working require considerable levels of one-off and recurrent funding from the Council. The Reserves Policy supports the resilience of the Council to deliver its aspirations as set out in the capital 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 2020/21 for consideration by Cabinet with appropriate comments by key officers to enable appropriate review of the issues including risks before a decision is made. This analysis of risk reflects the expenditure incurred on Town Centre Developments and new schools in the financial year 2020/21.

The issues on both partnership risk and current project risk have been incorporated into this Annual 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; The Annual Report of the Head of Internal Audit and comments made by the External Auditors and other review agencies and inspectorates.

The Authority's 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 MTFs, underpinned by the Reserves Policy to evidence and support financial resilience.

An internal audit programme is undertaken, which in 2020/21 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.

In the financial year 2020/21 it has not been possible to deliver a full 12 months planned programme of work by the Internal Audit function. As reported to the Audit Committee the programme of work covered an 8-month period reflecting one off support required in administering grants to businesses in response to the pandemic. This is reflected in the annual opinion and has been a direct impact of the pandemic.

An external audit of the accounts for the year ending 31 March 2020 was undertaken by Mazars LLP and was reported to the Audit Committee on 21 July 2020. At the time of the meeting there remained outstanding some technical issues not under the control of the Council. It took some time for the audit to be finalised with the accounts being finally agreed via delegation authorised by the Audit Committee on 10 November 2020. Despite the challenges in finalising sign off, the Auditor commented positively about the standard of the accounts and working papers were considered to be of high quality. The accounts were approved within the extended statutory deadline. It is planned that the 2020/21 accounts will be presented for approval at the Audit Committee at a meeting to be arranged on 22 July 2021.

Significant Governance Issues

The Annual Governance Statement identifies the following governance issues and major risks for the Authority. These are:

| 2020/21 Issues | Planned Management Action to Reduce Risk |
|---|---|
| <p>The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2020/21 for the third year compared to 2017/18. Issues identified in the 2020/21 internal audits need to be implemented as a priority to improve internal control.</p> | <p>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.</p> |
| <p>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 longer term costs of the COVID-19 pandemic, the future level of government support for areas of high deprivation and indirectly or the impacts of commitments made under</p> | <p>During 2021/22, despite continuing to deal with the COVID response, there are plans to improve efficiency around:</p> <ul style="list-style-type: none"> • Delivering further Transformation in the Authority via the plans to deliver budget savings. • Continued integration and co-operation with the NHS. • Collection of revenues due to the Council. |

| 2020/21 Issues | Planned Management Action to Reduce Risk |
|--|---|
| <p>devolution. An added pressure is that the Council's previous plans to deliver savings by Transformation may continue to be constrained by the pandemic.</p> | <ul style="list-style-type: none"> • Funding available to support the capital programme. • Realising the value of entities in which the Council has a financial interest. <p>This will be supported by:</p> <ul style="list-style-type: none"> • The Policy Team reviewing on-going updates of national and local policy. • An agreed Reserves Policy subject to regular review. • Joint working with key partners such as the NHS to better align resources. <p>The Director of Finance considers the risks as part of the closure of accounts and during the financial monitoring arrangements for 2021/22.</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 bimonthly 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 2021/22 to assess the affordability of the capital programme in light of the COVID-19 pandemic and continued uncertainty over long term funding</p> <p>The Director of Finance considers the risks as part of the closure of accounts and during the future financial monitoring arrangements for 2021/22.</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 2021 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 the new integrated HR system cannot yet be fully demonstrated.</p> | <p>The administration of the payroll system will be subject to regular review by the Internal Audit Service.</p> <p>A report will be prepared for the Audit Committee at its meeting in September 2021 outlining the progress made in processing payroll on the new system</p> |
| <p>The continued compliance with the National Transparency Agenda has increased the risk of the Council of a future fraud enhanced by the COVID-19 pandemic as information included in the public domain and obtained from</p> | <p>There are regular reviews of the internal control mechanism including documenting changes to procedures operated due to home working to ensuring adequate controls are in place to prevent third parties receiving inappropriate payments.</p> |

| 2020/21 Issues | Planned Management Action to Reduce Risk |
|---|--|
| Freedom of Information Requests is used to exploit the Council | <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> |
| The future reforms to Health Integration do not result in the efficiencies anticipated due to increased demand due to a number of factors including the residual impact of the pandemic. | <p>The Council can with Cabinet approval increase its flexibility to increase/ decrease the contribution to the pooled budget managed under Section 75 of the NHS Act 2006. This is on the assumption this flexibility will enable the whole health and care system to implement future efficiencies to generate overall savings/ improved service. This flexibility will be kept under continued review to maximise future opportunities for efficiency in Adult Social Care</p> <p>The Director of Finance considers the emerging risks arising from the transformation as part of the closure of accounts for 2020/21, ongoing review of the council's reserves/ financial resilience and ongoing budget monitoring for 2021/22</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 for Education in the financial year 2019/20 has supported the stabilisation of the deficit. The actions identified in this Recovery Plan have begun to be implemented during 2020/21 and will continue to reduce the deficit over the three-year period. The implementation of these actions was initially delayed by the wider Council response to the COVID-19 pandemic and the need to assist schools to re-open from 1 June 2020. A review by the DfE is being undertaken in 2021/22 to assess the progress made in reducing the deficit and any recommendations made from this will be implemented by the Council</p> <p>The deficit position and the progress made to address the deficit will be subject to regular updates as part of the budget monitoring reports to be submitted to Cabinet and Schools Forum by the Director of Finance.</p> <p>Should it not be possible to reduce the deficit as envisaged then there is a risk a further Recovery Plan may need to be submitted to the Schools Forum and Department for Education for approval.</p> |
| The financial resilience of key partners who provide services to the Council have deteriorated due to the COVID-19 pandemic which cannot be supported by the Council to guarantee continuity of service due to our reduction in financial resilience. | 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. |

| 2020/21 Issues | Planned Management Action to Reduce Risk |
|--|--|
| | Emergency support agreed under the urgent arrangements for COVID 19 will be regularised as normal working under the new business as usual is implemented. |
| 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. | <p>A group of key officers led by the Director of Finance meets on a minimum of a weekly basis to review the present contract documentation in place for contracted suppliers. This will ensure that appropriate revisions are made to ensure future improvements are made.</p> <p>Should the Director of Finance require it, a report will be prepared by a Service Area to be presented to the Audit Committee outlining plans to contract and commission future services.</p> |
| There are outstanding legal matters linked into ongoing action against other local authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact. | <p>Key cases will be subject to regular review by key Statutory Officers within the Council to assess the risk of an adverse financial impact.</p> <p>Regular monitoring reports of the Annual Governance Statement will assess the risk to the Council and be reported to the Audit Committee</p> |

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 Arooj Shah
Leader of Oldham Council



Helen Lockwood
Deputy Chief Executive

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 is 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.

Curtailement

Curtailements 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.

Dedicated Schools Grant Adjustment Account

A temporary ringfenced reserve established by the 2020/21 Code to hold any DSG deficit separately from the Council's General Fund Earmarked reserves.

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 Management Code

Provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability.

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.

Lessor and Lessee

The **lessor** is the legal owner of the asset or property, and he gives the **lessee** the right to use or occupy the asset or property for a specific period. Although the **lessor** retains ownership of the asset, they have reduced rights to the asset during the course of the agreement.

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 2020/21 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 the Draft Statement of Accounts

| Change Reason | Statements/Notes Section Affected | Change Made |
|-------------------------|---|---|
| Disclosure | Note 2 - Expenditure and Income Analysed by Nature / CIES | Note 2 has been amended to remove expenditure and Income with schools which is internal to the Council. This has impacted the Gross Income & Gross Expenditure on the Net Costs of Services but the Net Expenditure of the Council remains unchanged. |
| Disclosure | Note 3 – Financing and Investment Income & Expenditure / CIES - Prior Year adjustment (2019/20) | A prior year amendments have been made to both Note 3 and the CIES to remove the prior year impact of the loss on disposal of academy schools which is now included in Other Operating Expenditure in the CIES. |
| Group Accounts | Group Accounts - Core Statements and additional notes | The Group Accounts have been updated to present the latest position. The changes relate to Miocare Group Accounts to reflect updated financial information. 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 Statement of Accounts. |
| Disclosure/Presentation | Various - Throughout the Document | 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,

Oldham Metropolitan Borough Council - audit for year ended 31 March 2021

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 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

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

My responsibility for the financial statements and accounting information

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

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council 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 the Council has 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 and the Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

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

Yours faithfully

Anne Ryans
Director of Finance

Appendix 1

Schedule of unadjusted misstatements

| | | SOI | | SOPF | |
|---------------------------------------|-------------------------|---------------|---------------|---------------|---------------|
| | | Dr (£'000) | Cr (£'000) | Dr (£'000) | Cr (£'000) |
| Dr | Short Term Debtors | | | 1,174 | |
| Cr | Cost of Services Income | | 1,174 | | |
| Total unadjusted misstatements | | 0 | 1,174 | 1,174 | 0 |