Statement of Accounts 2018/19

1.0 Preface

1.1 Introduction to the 2018/19 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

Councillor Abdul Jabbar MBE

I am very pleased to welcome you to Oldham Council's Statement of Accounts for 2018/19 which gives me the opportunity to highlight the excellent management of the Council's resources and to set this in the context of the financial challenges being faced by the Council.

As a Co-operative Council, Oldham is committed to its co-operative future where everyone does their bit to create a confident and ambitious Borough and to develop a different relationship with citizens, partners and staff. This means being a Council that listens, responds and engages as locally as possible and has strong civic and community leadership. This co-operative ethos underpins the Council's approach to its financial strategy.

The Authority approved a robust 2018/19 net revenue budget on 28 February 2018. However, once the financial year was underway Oldham, like many other Councils, experienced considerable difficulty in managing a number of pressures, particularly within Children's Social Care. This was despite the allocation of significant additional Council resources within the budget.

The accounts show that despite this pressure in Children's Social Care, underspending elsewhere, particularly on capital financing costs enabled the financial position to be managed so that there was an overall £0.849m surplus at the year end. This was better than anticipated and allowed balances to be increased and financial resilience to be enhanced.

Work undertaken throughout 2018/19 focused on delivering a balanced budget for 2019/20. This was approved by Council on 27 February 2019. However, Members were advised of the budget gaps for each of the four years 2020/21 to 2023/24, with the most significant challenge being in 2020/21. Clearly, given the current operating climate, particularly with the uncertainty around the future funding for the Local Government sector, coupled with Brexit, there remains much work to do.

The Councils co-operative agenda has created the operational framework to facilitate change and support our efforts to balance the budget. We are working smarter to deliver services differently; including working with partners, in both the public and private sector. In addition, the devolution agenda, especially with regard to Health and Social Care, is also having an increasing influence on how services are delivered and resources are deployed.

The Council is committed to the regeneration of Oldham Town Centre and the wider Borough and this remains a key Council priority. A number of major schemes have been completed or are currently underway together with exciting longer term proposals which are at the development stage. This is aimed at revitalising the Oldham offer and the prosperity of the Borough.

Our success in the early closure of the accounts has continued. The 2017/18 Statement of Accounts was approved by the Audit Committee on 16 July 2018 and we are working to an even faster timetable for 2018/19. This year we handed over our accounts for audit on 2 May 2019 whilst also distributing the draft Statement of Accounts to members of the Audit Committee in line with best practice. The accounts were reviewed by the Audit Committee on 6 June, with approval following on 25 June, once again ahead of the statutory deadline. Our working practices are such that we are able to achieve an early closure at the same time as enhancing the quality of the documentation.

I want to thank all of our Finance and Internal Audit staff who have once again worked hard to close the accounts to a very high standard.

I also want to acknowledge the excellent work done to balance the Council's budget, and to monitor and manage the financial position of the Council throughout the financial year. This is demonstrated by the overall outturn position not varying significantly from the in-year projections. Careful financial administration allows fully informed decision making when determining the best use of Council resources so that services of the best possible quality can be delivered.

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

1.2 Narrative Report

Message from the Director of Finance – Anne Ryans

Anne Ryans

The Statement of Accounts has once again been prepared to a high standard and was submitted to the External Auditor on 2 May 2019 in accordance with the planned timeline. The Council received formal approval of its accounts on 25 June 2019.

A Local Authority in England is required to publish the unaudited statement of accounts for public inspection. This period for the exercise of public rights must include the first 10 working days of June. In practical terms, the deadline for publication is by 31 May 2019. The Regulations also require that Local Authorities in England publish their audited statement of accounts by 31 July 2019 (including on the Authority's website). The Council has been operating an accelerated closedown timetable since 2008/09, making 2018/19 the eleventh successive year the Council has handed over the accounts before the statutory deadline.

Whilst there is also no longer a requirement for the Audit Committee members to review the draft accounts, the Council continued with best practice principles in this regard and issued the draft accounts to the members of the Audit Committee for comment along with a briefing paper highlighting the significant items included in the 2018/19 Statement of Accounts. There was a meeting of the Audit Committee on 6 June which allowed Members to have the opportunity to ask questions and review the draft accounts prior to the meeting to formally approve the accounts. Preparation of the 2018/19 accounts in a timely manner provides the Council with the opportunity to conclude its consideration of the 2018/19 financial position and then move on to address the many challenges of 2019/20, and plan for future financial years.

During 2018/19, working in partnership under the banner of 'Oldham Cares', the Finance Service has continued to collaborate even more closely with Finance Officers from Oldham Clinical Commissioning Group (CCG) and other colleagues from the National Health Service (NHS) in order to drive forward the financial benefits of integrated working in Health and Social Care in Oldham. This joint working is providing a major opportunity to improve Health and Social Care service provision and to operate more efficiently and drive out savings. In addition, the Finance Service also continues to contribute to initiatives with other Local Authorities, regional bodies and Central Government. Examples of this include supporting the piloting of 100% Business Rates Retention with other Greater Manchester (GM) Districts, membership of the Greater Manchester Association of Municipal Treasurers together with Greater Manchester Chief Accountants and Treasury Managers groups.

The financial standing of the Council continues to be robust, and this is clearly demonstrated by this Statement of Accounts which shows that the level of both balances and reserves have largely been maintained. Good financial management disciplines, processes and procedures are evident, supporting the financial resilience of the organisation. The Finance Service operates in an environment of continuous change; we are not complacent and adapt when change is required, whether that be through organisational redesign, partnership working or advances in the use of technology. During 2018/19, the structure of the service was revised to create a £0.200m saving which contributed to balancing the budget for 2019/20.

The Council is continuing to make a considerable investment in the town centre and is progressing a revised vision which encompasses housing, heritage, economic growth and education and skills. Plans for the Oldham Museum of Arts/Archives (OMA) which incorporates a heritage centre have received significant external grant support which is enabling progress and will complement other town centre heritage assets including the Old Town Hall. The development at Princes Gate has also secured external investment which will see a hotel and food store built on part of the site together with potential for a major housing scheme.

A significant development in 2018/19 was that on 2 July 2018, the Council took full ownership of the Unity Partnership Ltd. Established in 2007, it provides a range of services on behalf of the Council including exchequer activities, property, and highways maintenance plus IT and consultancy services. This acquisition will enable the Council to more closely align delivery of these services to the objectives of the Council and further support the drive for efficiency and effectiveness.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) 2018/19 Code of Practice on Local Authority Accounting in the UK. It therefore aims to provide information so that members of the public, including electors and residents of Oldham, Council Members, partners, stakeholders and other interested parties are able to have:

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2018/19.
- 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 style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

It is worth highlighting that for the second consecutive year the External Auditors made no recommendations for improvement within the 2017/18 Annual Audit Report. This is a testament to the high standard of the financial information provided within the statements. As would be expected during 2018/19, the Council has continued to strive for excellence and to maintain our deservedly good reputation and ensure that the significant accounting changes, such as those relating to Financial Instruments, are incorporated into the accounts accurately.

It is important to acknowledge that working to the final accounts deadlines and the achievement of such high standards is only possible because of the hard work and dedication of the staff in the Finance Service. The team ethos is strong and all members of staff work together to deliver the best possible outcomes.

This Narrative Report has been produced in a format that is in line with recommended practice and guidance 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 2019 and is structured as below:

- An Introduction to Oldham
- The Challenges Facing Oldham
- Key Information about Oldham Council Governance
- The 2018/19 Revenue Budget Process
- Revenue Outturn 2018/19
- Capital Strategy and Capital Programme 2018/19 to 2021/22
- Capital Outturn 2018/19
- Financial Planning for the Period 2019/20 to 2023/24
- Non-Financial Performance of the Council 2018/19
- Performance Against Corporate Objectives
- Corporate Risks
- Main Changes to the Core Statements and Significant Transactions in 2018/19
- Summary Position
- Basis of Preparation and Presentation of the Accounts
- Explanation of the Statements to the Accounts
- Receipt of Further Information
- Acknowledgements

This is followed by the Statements to the Accounts and the Explanatory Notes.

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.

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. The Council has to provide services that meet the needs of its citizens, serving both an urban and rural environment and this is influenced by the makeup of the population, education, economy, health and housing.

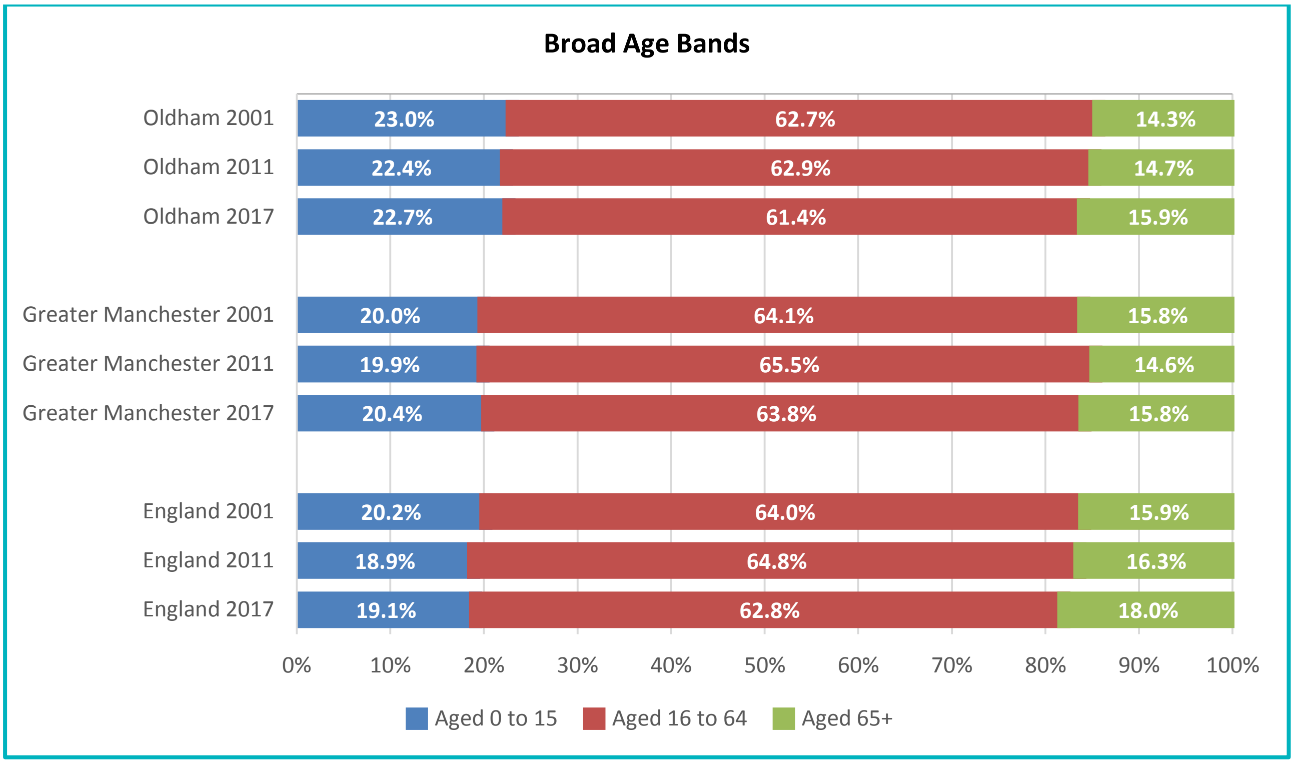
The Population of Oldham

The most recent information available showed that Oldham's population was 233,759, with 115,143 males (49.3%) and 118,616 females (50.7%) (Office for National Statistics [ONS]): Mid-Year Estimates 2017). Oldham is currently the seventh largest Local Authority in Greater Manchester (previously fifth in 2001). Between 2001 and 2017 Oldham's population increased by 7% from 218,537 to the current 233,759. This is a smaller increase than that seen across Greater Manchester (11.2%) and England (12.5%).

According to the ONS, Oldham's population is projected to reach 255,200 by 2041 – a 9.2% increase from the 2017 population. It is anticipated that this increase will come as a result of improving life expectancy, and the continued growth of Oldham's communities. The age structure of Oldham is relatively youthful with a high proportion of residents aged under 16 (22.7%) and fewer residents aged over 65 (15.9%). This is compared to the England averages of 19.1% and 18.0% respectively. Since 2001, the population across England has aged, with more people aged over 65 and fewer under 16s. This change has certainly been influenced by an increase in the average life expectancy; however, the pattern is somewhat different across the various geographic areas of Oldham.

Council service provision will 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.

The trend compared to National and Greater Manchester comparators is illustrated in the chart below:



The Challenges Facing Oldham

Oldham today is a unique place with a mix of the challenges, changes and opportunities which exemplify the changing face of modern Britain. Oldham's future is not pre-determined or inevitable. The potential for lasting change is huge and this is what provides the inspiration and motivation for Council colleagues to do 'our bit' for Oldham and to encourage others to do the same. The challenges facing Oldham are being faced by Local Authorities across the country. However, what is different is that Oldham's co-operative response is helping meet these challenges.

As outlined above, Oldham has a younger population profile than the England and Wales average and it is expected that the number of older people in the Borough will grow by 42% within the next 20 years. In line with national trends this requires action to support both children's and adult social care but also health services.

Oldham's economy was historically built upon manufacturing, chiefly, textiles and mechanical engineering. Like many other former industrial towns, Oldham's economy experienced large scale de-industrialisation and as a result has undergone significant economic restructuring. Oldham is currently home to around 7,295 businesses employing roughly 96,300 people. Oldham's business base is primarily made up of small or medium-size enterprises (fewer than 50 and 250 employees respectively). Despite the impact of the Government's funding reductions over time, the Borough has become more reliant on public sector employment, particularly within the Local Authority and the NHS which together provide more than 20% of jobs in the Borough.

High levels of employment are a key indication that an economy is in good health. However, the employment rate in Oldham (67.5%) has fluctuated over time but remains lower than both the GM (72.8%) and national averages (75.6%). Oldham's employment rate is negatively impacted by a high proportion of economically inactive residents. The Borough has high rates of residents with long term illness or disability and large numbers of inhabitants not in work. Skills represent an additional challenge, particularly in adults.

Despite improvements, there are a higher proportion of residents with no qualifications and fewer residents holding degree level qualifications compared to GM and national averages.

In response to these challenges the Council recognises the need to:

- Attract and retain businesses; improving business survival rates alongside increased start-up rates is a key requirement in increasing private sector employment in Oldham, offsetting the current dominance of public sector employment. The Council's Economic Development and Regeneration Teams are proactively working to facilitate this aim and to support the economy of Oldham.

- Improve the Skills Base; Oldham has historically had a weak skills base – a legacy of generations of manual employment. This has made it difficult for Oldham to attract the inward investment that it is looking for to improve its own economic base and act as a labour market for the rest of Greater Manchester. The Council is working with schools to improve standards and levels of educational attainment and the Get Oldham Working initiative championed by the Council supports the people of Oldham to gain work-based skills and training opportunities and ultimately find employment.

- Increase Wages; Oldham has traditionally had low wage levels in terms of residents and work place earning potential (as measured by median weekly wage levels). Where it can, the Council is bringing its influence to bear. The Council is already paying its staff at or above the Foundation Living Wage but in January 2019 agreed to seek Living Wage Accredited status through the Living Wage Foundation. Over a three year period it plans to move to requiring providers/suppliers to the Council, including sub-contractors, to all pay the Foundation Living Wage.

The Borough has a housing market with lower proportions of detached properties compared to a higher proportion of terraced homes with a definite need for larger family accommodation in targeted wards. In addition, the general growth in Oldham's population will increase demand for all tenures of housing including supported accommodation, town centre living and larger affordable family housing.

The Greater Manchester Spatial Framework (GMSF), described later, will inform and guide the development of a local plan which will provide the strategic local planning context for development across the Borough. The Local Housing Strategy (LHS) is the Council's main strategic document for housing and interrelated services. A draft version has been consulted upon and consultation closed on 31 May 2019. Responses are currently being reviewed. The revised strategy will set out the Council's strategic approach in tackling fuel poverty, improving housing conditions, and meeting our allocations and homelessness responsibilities. In addition, it helps articulate our local strategic response to national and Greater Manchester housing priorities. There is also the opportunity to bid into the £300m fund for housing, made available through the GM Devolution Agreement.

Child poverty in Oldham affects 21.6% of the Borough's children – well above the England average of 16.8%. This rate varies drastically across Oldham's Wards. Using a metric that uses disposable income after the deduction of housing costs, Coldhurst has 62.1% of children living in poverty compared to just 8.2% in Saddleworth South.

Oldham has a rich variety of schools, and a thriving community with signs of improving performance across many educational indicators. However, like many communities in the

North West, Oldham also has pockets of deprivation where young people do not reach national levels of attainment; economic deprivation and language barriers are issues to be addressed. Assisted by the Department for Education (DfE) funded Opportunity Area programme, Oldham is providing additional support to disadvantaged students and also aiming to improve early year's performance.

Historically, primary schools in Oldham perform well in Ofsted inspections. There is still a 7% gap with the national average, but the Local Authority is working in close partnership with schools to improve the outcomes for all children and young people. Key stage 5 performance continues to improve. There is a need to increase the number of higher level qualifications at Further Education (FE) level, but Oldham does have higher than expected proportions of young people gaining level 3 qualifications. This demonstrates the inclusivity and opportunities which Oldham fosters.

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 2018/19 Municipal year

The Council is made up of 60 Councillors from 20 wards across the Borough. The political make-up of the Council for the majority of 2018/19 was:

Labour Party	45 Councillors
Liberal Democrat Party	8 Councillors
Conservative Party	4 Councillors
Independent	3 Councillors

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

The Council has adopted the 'Strong' Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions. Cabinet members are held to account by a system of scrutiny which is also set out in the Constitution. Scrutiny of executive decisions for 2018/19, including the setting of a balanced budget for 2019/20, has been undertaken by either the:

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

Following the Local Elections on 3 May 2018 the Labour Group retained control of the Council. This was followed on 23 May 2018 by a change of Leader with Councillor Sean Fielding assuming the role. The change in Leadership led to some reprioritisation of the aims and objectives of the Administration with the emphasis being on school readiness, street cleanliness, highways, enforcement, community safety, regeneration and skills. This includes a review of the investment priorities for the Borough and as advised above, a commitment to seeking Living Wage Foundation Accredited status.

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by EMT, led by the Chief Executive Dr Carolyn Wilkins OBE, who from 1 April 2018 also assumed the role of Accountable Officer for NHS Oldham CCG.

At the start of the financial year EMT comprised the Chief Executive and two Deputy Chief Executives (People and Place and Corporate and Commercial Services), supplemented part way through the year with the addition of the Strategic Director for Reform.

EMT provides managerial leadership of the Council and supports 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

From an operational perspective, EMT and the Senior Mangement Team (SMT) is integrated into a single management meeting which is comprised of Service Directors 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. In a similar way, the other statutory officers, the Director for Public Health, the Director of Legal Services (the Monitoring Officer), the Director of Children's Services, the Chief Education Officer and the Director of Adult Social Services, all attend SMT.

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.

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

Council Employees

At the start of April 2018 the Council employed 2,567 people (excluding school-based employees). By March 2019 this had increased by 5.14% to 2,699. The Council continues to deliver its People Strategy and its quest to be the employer of choice and an anchor institution in Oldham; through a robust infrastructure, both within the Council and in collaboration with partners; through the development and redesign of the Council's operating model to best meet the needs of Oldham residents and through building organisational capability through real cooperative partnerships with other employers and community members alike.

A Co-operative Council

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

The Oldham Plan

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

- **An Inclusive Economy**
  The vision is for Oldham to become Greater Manchester's Inclusive Economy capital by making significant progress in living standards, wages and skills for everyone

- **Thriving Communities**
  The vision is for people and communities to have the power to be healthy, happy and able to make positive choices and both offer and access insightful and responsive support when required.

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

The Corporate Plan

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

The Plan sets out how everyone can do their bit to support delivery of the ambitions and outcomes:

> **#ourbit** is what Oldham Council is doing or contributing to help improve something.
>
> **#yourbit** is how local people, businesses and partners are helping to make change happen.
>
> The **#result** is how we are all benefiting from working together.

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

An Inclusive Economy
where people and enterprise thrive

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

#yourbit: Supporting and promoting local businesses and ventures

#result: Oldham is open for business

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

#yourbit: Visiting the attractions and promoting them as ambassadors

#result: A regenerating and confident borough

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

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

#result: An ambitious and socially mobile borough

Thriving Communities
where everyone is empowered to do their bit

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

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

#result: Engaging and resilient communities

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

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

#result: Healthier communities

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

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

#result: Safer, stronger and striving communities

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

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

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

#result: A co-operative workforce

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

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

#result: Outcome-driven services

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

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

#result: Empowering the positive reform of public services

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

Devolution

The Greater Manchester Devolution Agreement was signed with the Government in November 2014. It brings both the decision making powers and control of finance far closer to the people of Greater Manchester by giving them and their local representatives, control over decisions which have until now been taken at a national or regional level.

Taking this forward, the Cities and Local Government Devolution Act 2016 provided the legislative context which allowed the Greater Manchester Combined Authority (GMCA) to assume responsibilities performed and delivered by other public bodies. The key element of this is that such assumption of powers would only be with the agreement of the public agencies involved e.g. Local Authority and Health Authority functions.

The key issues that are shaping the devolution agenda that will affect the operational and financial environment of the Council, as well as its approach to addressing financial challenges are:

- **Health and Social Care Integration**

  In April 2016 Greater Manchester took control and responsibility for the £6bn Health and Social Care Budget and is working to deliver its own sustainable Health and Social Care system by 2021. In order to take this forward, Oldham Council and Oldham CCG have jointly developed a Locality Plan for Health and Social Care Transformation covering the period 2016/17 to 2020/21. In successfully delivering this Locality Plan both organisations have worked together to redesign the way that Health and Social Care services are delivered in the Borough to improve services and outcomes for residents and patients, all within a system that is built upon a sustainable financial model.

  On 7 January 2019 the Government launched the new NHS 10-year plan. This reflects the same ambitions as the Oldham Locality Plan, including more out of hospital care, increased integration between Health and Social Care and a focus on a preventative population health approach. The emerging implications for Oldham will be managed within the joint working arrangements that continue to be developed.

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

  The Council and the CCG aim to develop Oldham Cares into an established Local Care Organisation. Whilst the final structure is still being developed significant progress has been made on integration during the year and the two organisations have continued to expand the pool of resources contained within the S.75 agreement. The value of the pool for 2018/19, comprising revenue and capital resources was £141.905m, made up of £69.743m of Council resources and £72.162m of CCG resources and included £5.736m of the £21.322m Transformation Funds received from the GM Health and Social Care Partnership. It is planned to increase the value of the pool in 2019/20.

A significant achievement in 2018/19 was the establishment of community clusters, the clusters are aligned to newly established primary care clusters that are based on geographical areas of Oldham and that divide the population into groups of between 30,000 and 50,000 residents. Neighbourhood social care teams have moved into the clusters and work alongside teams from Community Nursing. During 2019/20 these teams will continue to work more closely together.

These new operating arrangements and the alignment of budgets is enabling not only more effective service delivery, but a more effective and efficient use of both financial and staffing resources of the Council, CCG and other health partners.

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

On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. The participants agreed to pilot full Business Rates retention on the basis that no district would be worse off than they would have been under the original '50/50' arrangements whereby Business Rates revenues are shared between Central Government and the Local Authority sector. This has become known as the 'no detriment' principle. Under the pilot scheme, additional rates income is offset by reductions in other funding streams such as the Revenue Support Grant (RSG) and Public Health grant. In 2017/18; the first year of operation, the pilot scheme delivered financial benefits for its participants with £1.300m being made available to Oldham to support the 2018/19 budget with a further £0.500m subsequently realised and used to support the 2019/20 budget. A benefit of £1.218m arising from the 2018/19 pilot year has also used to support the 2019/20 budget.

The 2019/20 financial year will be the last year of the pilot scheme. However, it is expected that in its final year the pilot will continue to deliver financial and economic benefits for the GM region and for the Oldham locality. A sum of £1.413m is currently assumed to support the budget in 2020/21.

From the Government's perspective, the primary purpose of the pilot was to develop and trial approaches to manage risk and reward in a Local Government finance system that included the full devolution of Business Rates revenues. However, Government plans have changed with a 75% Business Rates Retention Scheme expected to be introduced from 2020/21. Lessons learned from the pilot scheme will inform the design of the new arrangements.

- **Greater Manchester Spatial Framework**

The districts of Greater Manchester are working together to produce a joint plan to manage the supply of land for jobs and new homes across Greater Manchester. The Greater Manchester Spatial Framework (GMSF) will ensure that the right land in the right places delivers the homes and jobs needed up to 2037, along with identifying the need for supporting infrastructure (such as roads, rail, Metrolink and utility networks) required to achieve this. It will be the overarching development plan within which Greater Manchester's ten local planning authorities can identify more detailed sites for jobs and homes in their own area. As such, the GMSF will not cover everything that a local plan would cover, and individual districts will continue to produce their own local plans. Nonetheless, the plan will have a significant long-term influence on local revenue streams (Council Tax and Business Rates), capital investment and demand for services from local residents. In 2017 all member Authorities consulted with residents on the proposals included in the plan and following a delay, a second draft of the plan was released in January 2019 followed by a formal eight-week consultation with the public which closed on 18 March 2019. It is expected that the analysis of the consultation responses received from GM residents and stakeholders will result in the preparation of a revised plan and further consultation in summer 2019.

The 2018/19 Revenue Budget Process

Whilst the 2018/19 budget was set on 28 February 2018, the work to determine the budget reductions required to produce a balanced position took place during 2017/18. The Council meeting of 1 March 2017 considered the Medium Term Financial Strategy (MTFS) which 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 2018/19 was £20.755m.

As would be expected, this target was subject to constant review and in June 2017 a report was approved at Cabinet which increased the budget reduction requirement by £4.063m to £24.818m as a result of the pressures that had been identified in Children's Social Care. During the latter part of 2017/18 further pressures in Children's Social Care were identified which were expected to continue and a further £4.000m was added to the budget reduction target for 2018/19 (resulting in total resources of £8.063m being allocated to Children's Social Care).

Having regard to the significant funding pressure, there was a review of other forecasts and assumptions underpinning the budget reduction target. Following the confirmation of Government funding via the Final Local Government Finance Settlement (LGFS), and consideration of the Council Tax increase (as discussed below), Business Rates income and levy and contribution payments, the target was revised down by £10.868m to a final budget reduction requirement of £13.950m.

In order to address the budget reduction requirement, during 2017 officers and Members considered a range of budget proposals. These were initially reviewed by EMT to ensure deliverability and alignment with corporate objectives. Proposals were then presented to a budget review forum chaired by the Leader of the Council and comprised of the other members of the Cabinet and EMT. This allowed Members to undertake a detailed review and examination of proposals and to consider acceptability in the context of the ethos of the Council. Once accepted, proposals were presented for consultation with the public, staff and Trades Unions.

A total of 36 budget reduction proposals with a cumulative value of £6.686m were presented for scrutiny at the Performance and Value for Money Select Committee (PVFM) on 25 January 2018. Also presented was the proposed use of reserves of £7.264m to produce a balanced budget as follows:

- £0.250m which was agreed by Members as part of the Budget process for 2016/17
- £0.689m for the Early Help Initiative approved by Cabinet on 22 January 2018
- £1.358m in relation to resources available from the 2017/18 Small Business Rates Relief Threshold Change
- £1.300m arising from the Business Rates Retention Pilot; and
- £3.667m from corporate reserves.

The budget reductions and use of reserves were accepted by the PVFM and then presented to Cabinet on 19 February 2018. Cabinet recommended the approach to balancing the budget to the Council meeting of 28 February 2018 where it was approved. The Budget Council meeting also approved the budget for the Housing Revenue Account, Capital Programme and Strategy and Treasury Management Strategy for 2018/19.

Council Tax

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

The revenue raised from the ASCP must be ring-fenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care. From 2017/18 the Government agreed that Councils could raise a maximum ASCP of 6% over the three years to 2019/20. Oldham Council agreed a policy of applying a precept of 2% in 2017/18 with a further 2% in both 2018/19 and 2019/20.

For 2018/19 Council Tax for general purposes increased by 1.99%. In previous years, this had been the maximum allowable without triggering a referendum. However, for 2018/19 the Government revised the referendum limit and an increase of up to 2.99% would have been allowed. However, Member's agreed to limit the impact on Council Tax payers to 1.99%.

The comparison of Council Tax Band D levels from 2017/18 to 2018/19 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 2018/19 were the Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services). The revision to the presentation in relation to the Greater Manchester precepts is as a result of a transfer of responsibilities for Police and Fire and Rescue Services arising from the election of the Mayor of Greater Manchester in May 2017.

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

Band D Council Tax by Raising Body	2017/18 £	2018/19 £	Change %
Oldham Council	1,502.11	1,562.04	3.99%
GM Police and Crime Commissioner Precept	162.30		
Mayoral Police and Crime Commissioner Precept		174.30	
GM Fire and Rescue Authority Precept	59.95		
Mayoral General Precept (including Fire Services)		67.95	
TOTAL BAND D COUNCIL TAX BOROUGH WIDE	**1,724.36**	**1,804.29**	**4.64%**
Saddleworth Parish Council	20.35	20.76	2.00%
Shaw and Crompton Parish Council	16.05	16.21	1.00%

Projected Level of Balances

Once again, a significant issue, both in relation to the MTFS and also the 2018/19 budget, was the assumption about the level of balances that the Council would require to address any unexpected spending pressures. These balances need to reflect spending experience and risks to which the Council might be exposed. At the 28 February 2018 Council meeting the recommended balances (prepared using a risk-based analysis) were approved as £13.991m for 2018/19, £13.832m for 2019/20 falling to £13.123m for 2020/21. The 2017/18 accounts were closed with balances of £13.991m providing financial assurance for 2018/19.

Budget Monitoring

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

Revenue and capital budget monitoring information is reported to Cabinet throughout the year with any specific areas of concern being presented for review to the PVFM. This process facilitates a good level of challenge, including reviewing any potential impacts on service performance. During 2018/19 PVFM considered, amongst other things, reports on Local Government Financial Resilience, Looked After Children and Special Educational Needs (SEND).

The Governance structure of the Council was revised for 2018/19 with the re-allocation of services previously contained within the Health and Wellbeing Portfolio. Adult Social Care became a stand-alone Portfolio; Health and Adult Social Care Community Services. Children's Social Care and Community Services were incorporated within People and Place, formerly the Economy, Skills and Neighbourhoods Portfolio. Public Health, Heritage, Libraries and Arts and Leisure and Youth Services transferred to the newly created Reform Portfolio, which was further supplemented with the addition of Business Intelligence and the Project Management Office (both transferred from Corporate and Commercial Services) together with Executive Support, Policy and Marketing and Communications (all transferred from the Chief Executive's Portfolio).

The areas of concern that emerged in 2017/18 continued to be the main pressure points and therefore subject to close operational and financial scrutiny throughout 2018/19. These were Children's Social Care (primarily linked to demand for services), Economic Development (mainly due to pressures within the Catering and Cleaning services) and also the Education and Early Years' service (linked to the provision of Home to School Transport). Overspending in these areas was offset by the use of reserves and underspends elsewhere within the Council to the extent that a moderate surplus was forecast throughout the year.

Children's Social Care has remained the single most significant area of overspend. The outturn and use of reserves in 2017/18 necessitated a specific increase in resource allocation of £8.063m purely to prepare a balanced budget for 2018/19. In line with both regional and national trends, demand for services has continued to grow and from the very outset it was clear that expenditure would not be contained within the increased resources that had been made available. Meetings chaired by the Leader of the Council specifically to consider the pressures the service faced together with the availability and allocation of resources took place throughout 2018/19.

The Children's Services Operating Model and Structural Resources Plan, a three year strategic recovery plan to address the problems faced within Children's Social Care is currently being implemented. Two short term investment initiatives, both funded from reserves have been completed. The first to stabilise services, reduce caseloads and recruit expertise followed by a second to build change capacity by strengthening placement commissioning and corporate compliance. Phase 3; the implementation of a revised operating model is being introduced in 2019/20 requiring an increase in funding of £1.611m. This is supplemented by an additional £3 million to address the further increased level of demand-led spending that took place in 2018/19. A total of £4.611m was built into the budget for 2019/20 but also an expectation that the revised operating model will deliver a range of efficiencies and cost reductions, equating to £1.660m per annum from 2020/21.

Revenue Outturn 2018/19

The Council's 2018/19 revenue outturn position, as shown in the table below, is presented in the new Portfolio structure that was revised during the 2018/19 financial year. The original budget set at the Council meeting on 28 February 2018 was £216.921m, this was after £6.686m of approved budget reductions and an initial £7.264m use of reserves (a further £0.928m was initially required to support the budget as Government grant funding was revised after the budget had been set but this was subsequently decreased to £0.911m following a further revision to Government funding). An additional £0.144m of Revenue Grant reserve was utilised during the year due to the timing of a payment of the Business Rates Top Up Grant.

As the year progressed, various amendments to the Council's funding allocations were announced by the Government and changes were made to ensure that the Council complied with accounting standards and practice. This resulted in an increase to the budget of £5.041m being reported to Cabinet on 25 March 2019 in the month 9 financial monitoring report. This primarily related to the receipt of additional Government grant funding; an Opportunity Area Grant allocation of £2.237m (which had increased to £4.694m at the year-end) and £1.122m Winter Resilience Funding for Adult Social Care being the largest receipts and also the inclusion of Capital Grants totalling £0.935m. The budget at month 9 totalled £221.962m. This had increased by a further £42.480m to £264.442m at the end of month 12, mainly as a result of accounting adjustments relating to capital financing and private finance initiative (PFI) schemes.

The Council reported a surplus of £0.849m for the financial year when comparing budgeted (£264.442m) and actual expenditure (£263.593m). This compared favourably to a surplus of £0.255m reported at month 9. The General Fund Balance will therefore increase by the surplus of £0.849m.

Revenue Outturn

	Budget £000	Actual £000	Variance £000
Net revenue expenditure			
Corporate and Commercial Services	7,296	6,748	(548)
People and Place	171,537	176,859	5,322
Reform	35,729	35,734	5
Chief Executive	2,305	2,280	(25)
Capital Treasury and Technical Accounting	(21,826)	(27,428)	(5,602)
Corporate and Democratic Core	6,677	6,677	0
Parish Precepts	298	298	0
Health and Adult Social Care Community Services	62,426	62,425	(1)
Net Service Expenditure	**264,442**	**263,593**	**(849)**
Financed by:			
Council Tax Payers	(83,112)	(83,112)	0
Adult Social Care Precept - Council Tax Payers	(4,831)	(4,831)	0
Retained Business Rates	(52,580)	(52,580)	0
Business Rates Top Up	(47,975)	(47,831)	144
Grants in Lieu of Business Rates	(7,565)	(7,565)	0
Private Finance Initiative Grant	(9,216)	(9,216)	0
Capital Grants	(29,644)	(29,644)	0
Other Non-Ring-fenced Government Grants	(1,091)	(1,091)	0
Housing and Council Tax Benefit Administration Grant	(1,220)	(1,220)	0
New Homes Bonus Grant	(1,601)	(1,601)	0
Adult Social Care Support Grant	(701)	(701)	0
Independent Living Fund Grant	(2,661)	(2,661)	0
Improved Better Care Fund Grant – Settlement 2015	(4,687)	(4,687)	0
Improved Better Care Fund Grant – Spring Budget 2017	(3,201)	(3,201)	0
Opportunity Area Grant	(4,694)	(4,694)	0
Winter Pressures Grant	(1,122)	(1,122)	0
School Improvement Monitoring and Brokerage Grant	(261)	(261)	0
Brexit Support Grant	(105)	(105)	0
Use of Earmarked Reserves	(8,175)	(8,175)	0
Use of Revenue Grant Reserve – Business Rates Top Up	0	(144)	(144)
Total Financing	**(264,442)**	**(264,442)**	**0**

Current Net Underspend	**0**	**(849)**	**(849)**

The year-end Portfolio outturns are broadly in line with the position reported to Members at month 9. The most significant variances were a large adverse variance for People and Place (£5.322m), offset by under-spends within Capital, Treasury and Technical Accounting (£5.602m) and also Corporate and Commercial Services (£0.548m). The performance of the individual Portfolios is summarised below.

Corporate and Commercial

This Portfolio comprises the majority of the operational support services including Finance, Legal, Commercial and Transformational services and People Services. With actual expenditure (£6.748m) being less than the budget (£7.296m), the Directorate reported an under-spend of £0.548m, primarily as a result of vacancies.

People and Place

The overall objective of the People and Place Portfolio is to grow the economy of Oldham, improve education standards and support the Councils' commitment to neighbourhood working. This is done in many ways; by delivering services that maintain and improve the public realm and by creating the right environment for growth, by focusing on key place making regeneration projects which will act as a catalyst for wider economic activity and investment which will create jobs, and by enabling residents to gain the necessary education and skills to be able to access employment opportunities both within the Borough but also across the wider GM conurbation and beyond. The Portfolio was supplemented with the addition of Children's Social Care and Community Services during 2018/19.

The People and Place Portfolio recorded actual expenditure of £176.859m against a budget of £171.537m; an adverse variance of £5.322m for the 2018/19 financial year. The pressure is principally due to an overspend of £3.967m within Children's Social Care together with an increase in the maintenance costs of Council buildings and the additional costs associated with the introduction of the Oldham Foundation Living Wage, particularly in relation to the Catering and Cleaning services. A further contributing factor was the high cost of Home to School transportation in the Education and Early Years directorate.

Reform

The Portfolio was created part way through the financial year, bringing together a number of services that were previously held within other Portfolios. The Directorate now encompasses Public Health, Heritage, Libraries and Arts, Sport, Youth and Leisure as well as holding responsibility for Policy, Strategy, Communications, Public Service Reform, Transformation and Business Intelligence.

Actual expenditure at £35.734m was marginally higher than the budget of £35.729m to deliver very close to a balanced outturn (£0.005m over-spend).

Chief Executive

The Portfolio includes the budgets for the Council's Chief Executive and Senior Management Team (SMT). Actual expenditure of £2.280m was less than the budget of £2.305m delivering a modest under-spend of £0.025m.

Capital, Treasury and Technical Accounting

This Portfolio includes the revenue budgets associated with the Council’s Treasury Management activities including interest payable on loans and interest receivable on investments. It also includes the revenue budgets relating to technical accounting entries required by the CIPFA Code of Practice and International Financial Reporting Standards (IFRS) 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. A favourable variance of £5.602m was achieved with net income of £27.428m being significantly higher than the budgeted income of £21.826m, largely as a result of a reduction in the cost of borrowing following the re-profiling of capital projects into future years.

Health and Adult Social Care Community Services

The Portfolio can be split into four broad strands; care management/ social work intervention, adult provider services, client support services and commissioning.

Actual expenditure at £62.425m was £0.001m less than the budget of £62.426m, the most significant issue to note being that considerable overspends on community care were offset by increased client contributions and other recoveries of cost.

Schools

Schools may carry forward any surplus or deficit in net expenditure from one financial year to the next. At the end of 2018/19 there were 71 schools (3 secondary, 67 primary, and 1 special) for which the year-end balances were included within the Council’s Balance Sheet. Of these schools 3 had completed the conversion to Academy status. However, as the Authority must determine and notify a surplus balance to a school converting to Academy status within 4 months post conversion, the balances for these schools are included within the Statement of Accounts, but the school’s property, plant and equipment are no longer included within the Council’s Balance Sheet. Two of the Council’s schools finished the year with a deficit.

The total school balances for 2018/19 were £6.925m which was an increase of £1.379m compared to the 2017/18 total of £5.546m. Due to a deficit of £2.723m within the Dedicated Schools Grant (DSG) budget, it was necessary to net down the level of school balances to £4.202m.

The Oldham scheme for financing schools allows ‘excess balances’ that represent more than a certain percentage of a school’s budget for the following year to be carried forward. The percentages for Secondary schools is 5% and for Primary and Special Schools is 8%.

Schools may only request excess balances to be carried forward when there is an appropriate plan in place to utilise the funds. At the end of 2018/19 there were two schools (both primary schools) with excess balances.

As the DSG deficit is greater than 1% of the 2018/19 total DSG allocation (including academies) there is a requirement for the Council to prepare a recovery plan for the Department for Education (DfE) outlining how it will bring the DSG deficit back into balance within a three-year timeframe. The Council and Schools Forum have been working together to agree changes to funding arrangements and operational practice in order to manage the financial position.

During 2018/19, five schools converted to academy status bringing the total in Oldham to 36.

Housing Revenue Account (HRA)

By the end of 2018/19 the HRA had generated an in-year surplus of £2.688m. After adjustment, this resulted in resources of £1.143m being available to increase the level of balances. This compared favourably with the in-year deficit of £0.717m which was approved at Budget Council. Balances have therefore increased to £21.305m which shows a healthy level of resources to support future spending initiatives. Details of the HRA are provided in Section 4.1.

Collection Fund

The Collection Fund returned a surplus of £3.513m for 2018/19, an improvement compared to the projected outturn at month 9 of £2.308m. The surplus together with the balance brought forward of £0.634m at 1 April 2018 gave a total of £4.147m available for distribution. This was split between the Council and the preceptors in the following proportions; Oldham Council (£3.689m), GMCA Mayoral Police and Crime Commissioner (£0.322m) and the GM Mayor for General Services (£0.136m). The preceptors are able to use surpluses to support future year's budget requirements (the Council used £2.269m for 2019/20). Further details in relation to the Collection Fund can be found in Section 4.2.

Reserves & Balances

The Statement of Accounts shows that balances at the end of 2018/19 are £14.840m which demonstrates that the Council not only has sufficient resources in place to support the 2019/20 budget in line with the calculated risk assessment but has enhanced its financial resilience by reflecting the increase in balances anticipated for 2020/21 budget setting.

The level of reserves at £93.558m (a marginal increase on those available at the end of 2017/18) also contributes to the financial health of the organisation.

Treasury Management

On 28 February 2018 Council approved the Treasury Management Strategy for 2018/19. Treasury management performance is reported to Cabinet and Council with further detailed reviews undertaken by the Audit Committee. During the year the Council did not undertake any additional external borrowing and therefore as at 31 March 2019 had borrowings of £150.039m.

The Council managed all of its investments in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £69.900m of cash investments.

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 of 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:

	Benchmark LIBID Return %	Actual Return %
7 Day	0.533%	0.636%
1 Month	0.562%	0.767%
3 Month	0.709%	0.775%

6 Month	0.827%	0.800%
12 months	0.988%	1.070%
Average Return		**0.759%**

The Council's overall average performance on its cash investments exceeded its LIBID benchmark in all periods, except for the 6 month duration. The Council's investment in the Churches, Charities and Local Authorities (CCLA) Property Fund yielded dividends in year of £0.626m with an average return of 4.36%.

The outlook for investment returns for 2019/20 is likely to remain low. There is an expectation that there will be a general trend of a gentle increase in rates over the next few years, however, with so much uncertainty around Brexit, the investment returns are likely to fluctuate depending on the outcome of the final deal.

The Ministry for Housing, Communities and Local Government (MHCLG) requires Council's to set aside 'prudent' provision for the repayment of debt where they have used borrowing arrangements to finance capital expenditure (historic and current). During the year the Council made no amendments to its 2018/19 Minimum Revenue Provision (MRP) policy and the MRP policy for 2019/20 was approved at the 27 February 2019 Budget Council in line with the MHCLG statutory guidance 'Capital Finance; Guidance on Minimum Revenue Provision (fourth edition)'.

Capital Strategy and Capital Programme 2018/19 to 2021/22

The Capital Strategy and Capital Programme 2018/19 to 2021/22 was approved at the Council meeting of 28 February 2018 and provided the framework within which the Council's capital investments plans were to be delivered. The following table shows the original proposed capital spending plan for 2018/19 to 2021/22 (restated in the revised Portfolio structure).

Capital Spending	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Corporate and Commercial Services	15,445	1,309	838	1,249
People and Place	63,152	102,096	22,717	3,573
Health and Adult Social Care Community Services	3,326	400	400	400
Reform	100	100	100	700
Housing Revenue Account	2,773	-	8,550	-
Funds For Emerging Priorities	4,862	1,776	5,000	5,312
Total Expenditure	**89,658**	**105,681**	**37,605**	**11,234**
Total Funding	**(89,658)**	**(105,681)**	**(37,605)**	**(11,234)**

As 2018/19 progressed, the initial spending and financing plans were revised to incorporate expenditure re-profiled from the previous year, new assumptions, approvals and scheme updates. During the year the proposed expenditure was significantly reduced. A number of major schemes were re-phased into future years requiring the programme to be extended by a further year to 2022/23.

The planned spend for the Capital Programme in 2018/19 was £89.658m matched by funding available. This was significantly reduced to a predicted spend of £48.267m at month 9 which was slightly lower than the final outturn position of £48.564m.

The resources allocated to the Eastern Gateway Improvements regeneration scheme (Prince's Gate) of £4.165m were re-phased and re-allocated into future years, to align with the revised project timeline.

The proposed investment property purchase allocation was re-phased with £5.000m transferring into future years. The Commercial Property Investment Strategy and Fund gives the Council approval to invest in property solely to generate additional income to support the Council's mainstream service delivery. The Council will continue to look for appropriate property investments and potential opportunities in the market and, where required, continue to complete detailed due diligence on all possible investments.

There was a substantial budget movement related to the Coliseum Theatre project which has re-aligned funds into future years to allow for a review to be undertaken of the theatre offering within the Borough.

Several schools' schemes totalling £5.025m were re-profiled into future years, including the Kingfisher School expansion and Hydro Pool replacement as well as a Basic Need provision of £3.531m.

Other regeneration developments totalling £3.849m were re-phased due to delays to the approval of final schemes and consequently the start on site. This included £2.000m for the Broadway Green development.

As outlined earlier the Council continues to invest heavily in its vision for the town centre. In addition, the Sheltered Housing for Adults with Learning Difficulties is expected to be completed during 2019/20 together with on-going investment in ICT systems, highways, schools and the wider corporate estate.

Capital Outturn 2018/19

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

Portfolio	2018/19 Forecast £000	2018/19 Actuals £000	Variance £000
Corporate and Commercial Services	14,477	14,525	48
People and Place	30,042	28,066	(1,976)
Health and Adult Social Care Community Services	2,129	2,058	(71)
Reform	216	169	(47)
Housing Revenue Account	1,097	2,246	1,149
Funds for Emerging Priorities	306	1,500	1,194
Total Expenditure	**48,267**	**48,564**	**297**
Total funding	**(48,267)**	**(48,564)**	**(297)**

The Council spent £48.564m on its Capital Programme in 2018/19, marginally more (£0.297m) than the revised forecast spend of £48.267m at the end of month 9, requiring funding allocated in future years being re-profiled to fully finance the capital programme in 2018/19.

Capital expenditure for 2018/19 was financed by Government grants, revenue contributions and capital receipts. It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing. However, as a result of the re-phasing of schemes in year, the Council has taken a prudent approach to financing the Capital Programme by deploying revenue reserves and cash balances instead of using external borrowing. The change in funding will therefore reduce the on-going financing cost of the Capital Programme and support future years' budgets.

Financial Planning for the Period 2019/2020 to 2023/24

The 2019/20 budget process began with an assessment of the Council's future spending plans balanced against the expected funding from Government, Council Tax and Business Rates. This forward look encompassed a five year financial planning timeframe from 2019/20 to 2023/24.

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

- 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 initial revenue budget reduction target for 2019/20, presented to Council on 28 February 2018, as part of the approved 2018/19 budget was £17.986m. Subsequent in-year developments meant that it was necessary to adjust the future years' base budget estimates, and to revisit a number of expenditure pressure calculations and grant estimates (both favourable and adverse). This produced a net increase in the budget reduction requirement of £5.847m to give a revised budget gap of £23.833m. Receipt of Social Care Support Grant of £1.917m, announced in the Chancellors 2018 Autumn Budget Statement (and subsequently confirmed within the Final Local Government Finance Settlement) reduced the gap to £21.916m.

Throughout 2018/19, through the established budget review forum the Council looked at how services could be re-shaped to address the budget gap. Budget reduction proposals of £7.829m were presented for scrutiny at the PVFM meeting on 25 January 2019 leaving a gap of £14.087m. The measures presented to close the residual gap were:

- Taking advantage of the opportunity allowed by Central Government to use capital receipts to fund the revenue costs of transformation (£3.000m)
- Using a surplus balance within the Collection Fund (£2.269m)
- Using a range of specific (£4.928m) and corporate (£3.890m) reserves.

The approach to balancing the budget was subsequently approved at both Cabinet and Council meetings in February 2019.

The budget report also presented the potential budget reduction requirements for 2020/21 to 2023/24. This is summarised in the table below showing a significant budget reduction target of £44.779m over the remaining four years of the MTFS.

Estimated revenue position 2019/20 to 2023/24	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Prior Year Net Revenue Budget	**221,453**	**215,294**	**228,742**	**234,583**	**241,039**
Adjustments to the Base Budget	(12,004)	(3,117)	0	0	0
Revised Base Position	**209,449**	**212,177**	**228,742**	**234,583**	**241,039**
Additional Expenditure Pressures for 2019/20 and future years					
Expenditure Pressures Total	22,492	36,897	17,317	13,315	10,974
Proposed Budget Reduction Proposals	(7,829)	(4,616)	(2,000)	0	0
Total Expenditure	**224,112**	**244,458**	**244,059**	**247,898**	**252,013**
Total Government Grant Funding	69,138	91,391	91,968	92,645	93,431
Total GMCA Grants	693	0	0	0	0
Total Locally Generated Income – Council Tax and Business Rates	145,463	137,351	142,615	148,394	154,422
Budget Funding	**215,294**	**228,742**	**234,583**	**241,039**	**247,853**
Budget Gap	**8,818**	**15,716**	**9,476**	**6,859**	**4,160**
Total Impact of Reserves	(8,818)	7,155	1,413	0	0
Net Gap/Budget Reduction Requirement	**0**	**22,871**	**10,889**	**6,859**	**4,160**

Clearly this remains a challenging time for Local Government for a number of reasons and particularly with the uncertainty around the future funding for the sector. The current four year Comprehensive Spending Review (CSR) period comes to an end in 2019/20. The Government has announced the;

- national move to 75% Business Rates retention
- resetting of baselines from which Business Rates funding allocations will be determined
- Fair Funding Review to examine the relative needs and allocation of resources between Authorities

Apart from this, it has provided virtually no indication of the level of funding Local Authorities can expect to receive for 2020/21 and beyond. There is also the uncertainty caused by Brexit. Therefore, at this point, budget estimates for future years could significantly change. Despite these challenges, the Council has developed a range of medium term strategies which are designed to make a positive contribution to the Council's financial position: and deliver savings, efficiencies and an effective use of resources. The Council will therefore;

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- aim to maximise external funding for both revenue and capital projects to supplement investment by the Council in priority areas;
- accelerate the existing programme of transformation

- take forward the Medium Term Property Strategy to maximise benefit from the corporate estate including the rationalisation of the Council's office accommodation
- continue the good progress made with regard to Health and Social Care integration with the Council and the CCG, working together as 'Oldham Cares'.
- look to build on the existing collaborative working arrangements with partners including the nine other GM Authorities and the GMCA.
- use new technology to drive the Council's change agenda and develop new and more efficient ways of working which will improve residents' access to Council services via the Resident First programme and the 'Digital by Design' platform;
- maximise funding opportunities to ensure that the aims of the income strategy and commercial property investment strategy are delivered, especially with regard to the priority of diversifying the Council's income stream.

In light of the current risks and uncertainties, the Council will continue to maintain a healthy and robust level of reserves and balances to manage uncertainty linked to the next spending review period.

Non-Financial Performance of the Council 2018/19

Although times are challenging for Oldham Council and the Local Government sector generally it is important to recognise some significant positive outcomes across the Borough and the key achievements during 2018/19. Some highlights are set out below:

- The Council launched the corporate and political 'Voice of the Child' priority to improve the way we listen to and act upon the 'voice' of all children and young people to better shape and improve our services and their lives. The Oldham Youth Council, recipients this year of the Queen's Award for Voluntary Service, are leaders in relaying the views and opinions beyond Oldham and lots of key work is ongoing to strengthen this commitment with individuals and bodies such as the Children in Care Council.
- Oldham is one of five Local Authorities in the North West piloting the Department for Education's National Assessment and Accreditation System (NAAS). This allows social workers to demonstrate expertise against a nationally recognised standard and will ensure vulnerable children receive the expert, high quality support and protection they deserve.
- The newly-refurbished and repurposed Link Centre opened in September 2018. The building now provides accommodation for a range of groups and services that support those most in need with ground floor, accessible meeting spaces as well as housing a range of Health and Social Care services.
- Construction is due to start or has already begun on a number of large projects to either build new schools or improve/enlarge other ones including a new Greenfield primary and an improved Clarksfield primary school, plus major investment at three secondary schools; Crompton House, North Chadderton and Oldham Academy North.
- Through the 'Big Conversation' the Council and Oldham CCG engaged with more than 200,000 residents face-to-face and digitally about the improvements being made to health and social care services.
- Social prescribing is now well established in several areas including Chadderton and Westwood, where work with communities to tackle social isolation has connected people to dozens of local groups and organisations. Fast Grants have already supported more than 70 projects and Oldham Cares' new Social Action Fund has also launched: offering £0.850m to fund important projects tackling isolation, loneliness and wellbeing.
- More than 1,000 people have engaged with the Fit for Oldham programme. In addition, Oldham has also received almost £0.700m to help make it easier for

people in communities to access sport and physical activity by encouraging collaboration between a wide range of local organisations.

- In July 2018 the ‘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.
- Oldham Council won the 2018 Best City award for Bloom and Grow, the ninth year in succession that it has won this award. It will now represent the region at Britain in Bloom 2019.
- Oldham Libraries were shortlisted for best ‘Heritage, Museum, Library and Education Partnership Award’ for their project ‘Brought to Book’, funded by the Heritage Lottery Fund. This project was delivered in partnership with Oldham Local Studies and Archives, Oldham Coliseum Theatre, Leeds University and Holy Cross Primary School.
- The Oldham Lifelong Learning Service (OLLS) service is enrolling around 4,200 learners each year and has an overall qualification achievement rate of 95.5% with 98% of learners saying they are likely to recommend it. OLLS was graded Outstanding in its last Ofsted report.
- Major investment in Neighbourhood Services in 2018/19 has seen more funding dedicated to improving roads – including resurfacing 37 kilometres and 7,758 pothole repairs – plus £0.600m extra for street cleaning and extra enforcement officers. This has been complemented by work alongside groups like the Ghazali Trust and #MyColdhurst who as local ambassadors are making a stand against fly-tipping.

Having already mentioned the wider town centre regeneration initiative including OMA, the Princes Gate supermarket, hotel and housing development and the supported housing scheme, it is important to highlight other key developments. These include:

- The redevelopment of a 30-acre derelict site at Hollinwood Junction, phase 1 of which; a new petrol station and retail offer is now complete. Overall the project is expected to see 760 new jobs created and will incorporate retail, leisure, employment and housing uses.
- Broadway Green, a £100m regeneration scheme which is making good progress. It will provide more than 600,000 sq. feet of employment space and the next phase will also see 500 new aspirational family homes, including 140 affordable homes.
- The demolition of Hartford Mill in Werneth for which Government approval has been received. This will signal the start of a major housing and regeneration project that will remove what is currently an eyesore and magnet for vandalism and anti-social behaviour.
- The unveiling of plans for a new eco-centre at Alexandra Park. This will replace the ageing depot with an environmental centre of excellence using the latest green technologies. It will enhance our reputation as a ‘green and growing’ borough while also boosting skills, enterprise and employment. It also builds on our network of local growing hubs.
- Making Oldham town centre more accessible using £6m of devolution funding. This work is underway delivering improvements to transform travel in and around the area for all modes of transport and with a focus on encouraging environmentally-friendly travel.

Performance Against Corporate Objectives

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

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

At the time of preparing the Statement of Accounts, the most up to date performance information available was for the period up to Quarter 4 (March 2019) as reported to Cabinet on 24 June 2019. The report highlighted that:

- 56% of the corporate performance measures were being met
- 80% of the corporate action plans were either on track or have been completed

Further details on Quarter 4 performance results are available in the March 2019 Council Performance report to Cabinet on the 'Agenda and Minutes' page of the Councils website for the meeting held on 24 June 2019.

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 Corporate Risk Register plays an integral role by supporting production of the Corporate Plan and is subject to regular review by the Audit Committee when it approves the final accounts.

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

- Implementation of changes to the management of direct payments within Adult Social Care;
- Improving the internal control environment for the operation of payroll;
- Avoiding fraud exposure as a consequence of the transparency agenda;
- A structural overspend on the revenue budget linked into Children's Social Care for the past two financial years despite additional funding been made available;
- The Dedicated Schools Grant being in a deficit position which requires assurance to be given to the Department for Education that it will be returned to a break-even position over a three-year timeframe
- Responding to on-going and future changes to the Council's financial framework;
- Delivery of key regeneration projects; and
- Delays to future reforms to health integration.

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 Core Statements and Significant Transactions in 2018/19

The actuarial valuation of the Council's pension scheme liabilities shown on the Balance Sheet has increased by £94.339m 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.

In April 2017 the Council made an upfront payment of £41.544m to the Greater Manchester Pension Fund (GMPF) for the Council's employer contributions relating to the full triennial period 2017/18 to 2019/20. This has allowed the Council to generate a corporate saving as a result of a lower employer contribution rate than would have otherwise been calculated. The accounting has resulted in the Pension Reserve and liability having an imbalance which will be resolved at the end of the triennial period. Further details are given in Note 30.

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2018/19 and the CIPFA Bulletin 03 Closure of the 2018/19 Financial Statement issued in March 2019 for the production of its 2018/19 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from this guidance. This relates to the accounting treatment for the depreciation charge on Housing Revenue Account (HRA) dwellings. Details are provided in Section 4.1 of the Accounts.

The major change to the CIPFA Code of Practice on Local Authority Accounting 2018/19 was the implementation of IFRS 9 Financial Instruments. This has seen a significant change to the way investments are categorised and an enhanced disclosure requirement to Note 21 is included in the Council's accounts. With the adoption of IFRS 9, the new standard sets out that investments in equity should be recognised as fair value through profit and loss. This would mean that any changes in valuation would impact on the Council's revenue budget. However, the Code does allow for Council's to elect at the outset to treat equity investments as fair value through other comprehensive income. The Council has therefore, elected to designate its shareholding in Manchester Airport as fair value through other comprehensive income meaning that any changes in the valuation will not impact the revenue budget. Under IFRS 9, the election to designate to fair value through other comprehensive income is irrevocable.

The Council also holds a pooled investment in a property fund. MHCLG has agreed a temporary override for English Local Authorities for a five year period starting on 1 April 2018. The Council will use the statutory override to account for any changes in the fair value on its pooled investments. Further details on the impact of the IFRS 9 is disclosed in Note 21.

On 2 July 2018 the Joint Venture agreement between Oldham Council and the Kier Group ceased. The full ownership of Unity Partnership Limited ('Unity') transferred to Oldham Council as the Council acquired a further 66.67% of share capital bringing the Council's interest in the company to 100%. Following the acquisition, the Unity Partnership has been incorporated into the Council's Group Accounts.

Summary Position

It is clear that the Council's financial and non-financial performance in 2018/19 continues to be good. The overall revenue outturn underspend of £0.849m is above the level projected at month 9 and highlights the financial strength of the Authority. The capital outturn has been managed to minimise the level of re-profiling required at the year end and the Council has increased its reserves and balances which provides financial resilience for 2019/20 and future years.

In 2018/19, the Council has continued to face and deal successfully with significant change, including the on-going reduction in Government funding, the acquisition of the 100% of the shares in the Unity Partnership Ltd and the increased integration with health services. It is inevitable that there will be further significant changes in 2019/20 and future years. The Council is well placed to adapt to the challenges and to take advantage of the opportunities offered.

The Narrative Report details the many risks and challenges but also the opportunities available to the Council. The well-established and rigorous risk management processes in place together with robust financial management and reporting, will ensure that the Council is well placed as it moves into 2019/20.

Basis of Preparation and Presentation of the Accounts

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

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

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall into the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2018/19 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 a number of different elements which are explained below:

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

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

Core Financial Statements

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

- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides and analysis by directorate and reflects the Councils local reporting format. The bottom half of the statement deals with corporate transactions and funding.

- **Balance Sheet** shows the value of the Council's assets and liabilities and reserves at a point in time.

- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to day to day running of the Council (operating activities), investing activities or financing activities.

Supplementary Statements

- **Housing Revenue Account (HRA)** shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.

- **Collection Fund Statement** shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Oldham, the Council Tax precepts payable are for the Mayoral Police and Crime Commissioner precept and the Mayoral General precept (including Fire Services).

- **Group Accounts** show the group position of the Council and its material subsidiaries.

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, Corporate and Commercial Services, 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.T. Ryans

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 2018/19 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 2019 and its income and expenditure for the year then ended.

A. T. Ryans

Anne Ryans, BA (Hons) FCPFA
Director of Finance, Section 151 Officer.
Dated: 2 May 2019

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 25 June 2019.

Signed

Chair of Audit Committee

Dated 25 June 2019

2.2 Auditors Report

To be inserted following completion of the audit by the Council's External Auditors, Mazars LLP.

Core Financial Statements and Explanatory Notes

3.0 Core Financial Statements and Explanatory Notes

3.1 Comprehensive Income and Expenditure Statement

Restated 2017/18*				Note	2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,756	(585)	2,171	Chief Executive		3,277	(603)	2,674
80,034	(75,453)	4,581	Corporate and Commercial Services		66,602	(66,163)	439
326,615	(214,029)	112,586	People and Place		344,952	(217,943)	127,009
86,159	(31,576)	54,583	Health and Adult Social Care Community Services		99,763	(35,885)	63,878
35,632	(4,381)	31,251	Reform		42,002	(6,694)	35,308
3,681	(4,280)	(599)	Capital, Treasury and Technical Accounting		2,992	(5,975)	(2,983)
6,087	-	6,087	Corporate and Democratic Core		6,677	-	6,677
14,693	(28,059)	(13,366)	Housing Revenue Account		14,674	(28,279)	(13,605)
555,658	**(358,362)**	**197,296**	**Cost of Services**		**580,939**	**(361,542)**	**219,397**
			Other Operating Expenditure:				
		257	- Parish Council precepts				264
		56	- Payments to the Government housing capital receipts pool				8
		34,326	- Levies				33,045
		(1,947)	(Gains)/losses on the disposal of non-current assets				224
		32,692	**Total Other Operating Expenditure**				**33,541**
		35,330	Financing and Investment Income and Expenditure	**3**			47,501
		(257,415)	Taxation and Non-Specific Grant Income	**4**			(256,122)
		7,904	**Deficit on Provision of Services**				**44,317**
			Other Comprehensive Income and Expenditure				
		(76,774)	Revaluation gains on non-current assets	**16a**			(20,971)
		906	Impairment losses on non-current assets	**16a**			202
		(7,998)	Surplus on revaluation of available for sale financial assets				(1,241)
		(28,981)	Remeasurement of net defined benefit liability	**30**			57,683
		(112,847)	**Total Other Comprehensive Income and Expenditure**				**35,673**
		(104,943)	**Total Comprehensive Income and Expenditure**				**79,990**

*The 2017/18 Comprehensive Income and Expenditure Statement has been restated in the organisational structure. The restatement is a change in categorisation and the net cost of services has not been amended.

3.2 Movement in Reserves Statement

2018/19	Note	Usable Reserves									
		General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Usable Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April Brought Forward		(13,991)	(92,005)	**(105,996)**	(20,162)	(8,747)	(566)	(38,867)	**(174,339)**	(618)	**(174,957)**
Movement in reserves during 2018/19				**-**					**-**		**-**
Total Comprehensive Income and Expenditure		47,005	-	**47,005**	(2,688)	-	-	-	**44,317**	35,673	**79,990**
Adjustments between accounting basis and funding basis under regulations	**14**	(49,408)	-	**(49,408)**	1,545	8,747	(83)	(4,122)	**(43,321)**	43,321	**-**
Net (increase)/decrease before transfers to Earmarked Reserves		**(2,403)**	**-**	**(2,403)**	**(1,143)**	**8,747**	**(83)**	**(4,122)**	**996**	**78,994**	**79,990**
Transfers to/from Earmarked Reserves	**15**	1,554	(1,554)	**-**	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year		**(849)**	**(1,554)**	**(2,403)**	**(1,143)**	**8,747**	**(83)**	**(4,122)**	**996**	**78,994**	**79,990**
Balance at 31 March carried forward		**(14,840)**	**(93,559)**	**(108,399)**	**(21,305)**	**-**	**(649)**	**(42,989)**	**(173,342)**	**78,375**	**(94,967)**

2017/18	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 Reserves		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April Brought Forward		**(14,744)**	**(94,838)**	**(109,582)**	**(18,366)**	**(4,164)**	**(522)**	**(16,056)**	**(148,690)**	**78,244**	**(70,446)**
Movement in reserves during 2017/18											
Total Comprehensive Income and Expenditure		9,907	-	**9,907**	(2,002)	-	-	-	**7,904**	(112,847)	**(104,943)**
Adjustments between accounting basis and funding basis under regulations	**14**	(6,321)	-	**(6,321)**	207	(4,583)	(44)	(22,811)	**(33,553)**	33,553	**-**
Net (increase)/decrease before transfers to Earmarked Reserves		**3,586**	**-**	**3,586**	**(1,795)**	**(4,583)**	**(44)**	**(22,811)**	**(25,649)**	**(79,294)**	**(104,943)**
Transfers to/from Earmarked Reserves	**15**	(2,833)	2,833	**-**	-	-	-	-	**-**	-	**-**
(Increase)/Decrease in Year		**753**	**2,833**	**3,586**	**(1,795)**	**(4,583)**	**(44)**	**(22,811)**	**(25,649)**	**(79,294)**	**(104,943)**
Balance at 31 March carried forward		**(13,991)**	**(92,005)**	**(105,996)**	**(20,162)**	**(8,747)**	**(566)**	**(38,867)**	**(174,339)**	**(1,050)**	**(175,389)**

3.3 Balance Sheet

31 March 2018 £000		Note	31 March 2019 £000
754,633	Property Plant and Equipment	**17**	727,663
19,783	Heritage Assets	**18**	19,939
15,749	Investment Property	**19**	17,945
4,136	Intangible Assets		3,784
68,642	Long Term Investments	**21**	71,253
9,822	Long Term Debtors	**22**	21,507
872,765	**Long Term Assets**		**862,091**
13,166	Short Term Investments	**21**	32,235
588	Inventories		675
43,183	Short Term Debtors	**22**	47,577
42,450	Cash and Cash Equivalents	**23**	33,229
7,785	Assets Held For Sale (less than one year)		5,604
107,172	**Current Assets**		**119,320**
(1,668)	Short Term Borrowing	**21**	(1,666)
(51,414)	Short Term Creditors	**24**	(52,492)
(17,051)	Short Term Provisions	**25**	(13,335)
	Short Term Liabilities		
(8,970)	- Private Finance Initiatives	**21,28**	(9,751)
(247)	- Finance Leases		(219)
(1,009)	- Transferred Debt		(1,054)
(80,359)	**Current Liabilities**		**(78,517)**
(16,079)	Long Term Provisions	**25**	(15,916)
(148,381)	Long Term Borrowing	**21**	(148,373)
	Other Long Term Liabilities		
(312,580)	- Pension Liabilities	**30**	(406,919)
(242,203)	- Private Finance Initiatives	**21,28**	(232,747)
(304)	- Finance Leases		(507)
(3,383)	- Transferred Debt		(2,332)
(17)	- Deferred Credits		(17)
(1,242)	Capital Grants Receipts In Advance		(1,116)
(724,189)	**Long Term Liabilities**		**(807,927)**
175,389	**Net Assets**		**94,967**
(174,339)	**Usable Reserves**	**MiRS**	(173,342)
(1,050)	**Unusable Reserves**	**MiRS, 16**	78,375
(175,389)	**Total Reserves**		**(94,967)**

These financial statements where authorised for issue by the Director of Finance on 25 June 2019.

A.T. Ryans

3.4 Cash Flow Statement

	Notes	2017/18 £000	2018/19 £000
Net deficit on the provision of services		(7,904)	(44,317)
Adjustment to surplus or deficit on the provision of services for non-cash movements	31	41,695	100,505
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31	(42,826)	(6,734)
Net cash flows from operating activities		**(9,035)**	**49,454**
Net Cash flows from Investing Activities	32	21,085	(49,239)
Net Cash flows from Financing Activities	33	(13,203)	(9,436)
Net increase or (decrease) in cash and cash equivalents		**(1,153)**	**(9,221)**
Cash and cash equivalents at the beginning of the reporting period		43,603	42,450
Cash and cash equivalents at the end of the reporting period		**42,450**	**33,229**

3.5 Index of Explanatory Notes to the Accounts

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3.6 Explanatory Notes to the Core Financial Statements

Introduction

The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and the accounting policies set out in Note 34. The Notes that follow (1 to 38) set out supplementary information for readers of the accounts. Due to the organisational restructure in 2018/19 comparator amounts in the Comprehensive Income and Expenditure Statement and Note 1 Expenditure and Funding Analysis have been restated to reflect the new Portfolios.

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2018/19 (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

2018/19	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	2,280	75	**2,355**	319	**2,674**
Corporate and Commercial Services	7,046	(9,450)	**(2,404)**	2,843	**439**
People and Place	176,859	(101,936)	**74,923**	52,086	**127,009**
Health and Adult Social Care Community Services	62,426	(2,474)	**59,951**	3,927	**63,878**
Reform	35,734	(8,026)	**27,708**	7,600	**35,308**
Capital Treasury and Technical Accounting	(27,429)	(5,141)	**(32,570)**	29,587	**(2,983)**
Corporate and Democratic Core	6,677	-	**6,677**	-	**6,677**
Central Services	(8,320)	8,320	**-**	-	**-**
Housing Revenue Account	-	(17,407)	**(17,407)**	3,802	**(13,605)**
Net cost of services	**255,273**	**(136,039)**	**119,233**	**100,164**	**219,397**
Other income and expenditure	(256,122)	133,343	**(122,779)**	(52,301)	**(175,080)**
(Surplus) or Deficit	**(849)**	**(2,696)**	**(3,546)**	**47,863**	**44,317**

The table below shows the comparative information for 2017/18.

2017/18	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	2,672	(804)	1,869	303	2,172
Corporate and Commercial Services	6,529	(4,377)	2,152	2,428	4,581
People and Place	152,621	(80,791)	71,830	40,757	112,586
Health and Adult Social Care Community Services	56,938	(5,075)	51,863	2,721	54,583
Reform	31,787	(3,031)	28,756	2,495	31,251
Capital, Treasury and Technical Accounting	7,706	(22,480)	(14,774)	14,175	(599)
Corporate and Democratic Core	6,087	-	6,087	-	6,087
Central Services	(6,172)	6,172	-	-	-
Housing Revenue Account	-	(18,207)	(18,207)	4,842	(13,365)
Net cost of services	**258,168**	**(128,593)**	**129,576**	**67,720**	**197,296**
Other income and expenditure	(257,415)	129,629	(127,786)	(61,606)	(189,392)
(Surplus) or Deficit	**753**	**1,037**	**1,790**	**6,114**	**7,904**

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

Movement in General Fund and HRA Balance	2017/18 £000	2018/19 £000
Opening General Fund and HRA Balance as at 1 April	(127,948)	(126,158)
Add (Surplus)/Deficit on General Fund and HRA Balance in Year	1,790	(3,546)
Closing General Fund and HRA Balance as at 31 March	**(126,158)**	**(129,704)**

1b. Note to the Expenditure and Funding Analysis

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

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2018/19			
	Movement in Reserves £000	Other Adjustments £000	Total to arrive at amount charged to the General Fund & HRA £000	Adjustment for capital purposes (i & ii) £000	Net change for pension adjustment (iii) £000	Other Differences (iv) £000	Total Adjustments £000
Chief Executive	414	(339)	**75**	-	320	-	**320**
Corporate and Commercial Services	(5,666)	(3,784)	**(9,450)**	1,031	1,812	-	**2,843**
People and Place	(2,408)	(99,528)	**(101,936)**	42,607	9,478	-	**52,085**
Health & Adult Social Care Community Services	1,453	(3,927)	**(2,474)**	2,420	1,507	-	**3,927**
Reform	373	(8,399)	**(8,026)**	5,902	1,698	-	**7,600**
Capital Treasury and Technical Accounting	(4,040)	(1,101)	**(5,141)**	21,594	7,993	-	**29,587**
Corporate and Democratic Core	-	-	**-**	-	-	-	**-**
Central Services	8,320	-	**8,320**	-	-	-	**-**
Housing Revenue Account	(1,142)	(16,265)	**(17,407)**	3,802	-	-	**3,802**
Net cost of services	**(2,696)**	**(133,343)**	**(136,039)**	**77,356**	**22,808**	**-**	**100,164**
Other income and expenditure from the Expenditure and Funding Analysis	-	133,343	**133,343**	(49,689)	-	(2,612)	**(52,301)**
Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit	**(2,696)**	**-**	**(2,696)**	**27,667**	**22,808**	**(2,612)**	**47,863**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement				Adjustments between Accounting Basis and Funding Basis 2017/18			
	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	77	(879)	**(802)**	-	303	-	303
Corporate and Commercial Services	(1,909)	(2,468)	**(4,377)**	807	1,622	-	2,429
People & Place	7,718	(88,509)	**(80,791)**	32,616	8,140	-	40,756
Health & Adult Social Care Community Services	(2,355)	(2,721)	**(5,076)**	1,533	1,187	-	2,720
Reform	(35)	(2,995)	**(3,030)**	927	1,568		2,495
Capital, Treasury and Technical Accounting	(6,836)	(15,644)	**(22,480)**	4,486	9,689	-	14,175
Corporate and Democratic Core	-	-	**-**	-	-	-	-
Central Services	6,173	-	**6,173**	-	-	-	-
Housing Revenue Account	(1,796)	(16,411)	**(18,207)**	4,842	-	-	4,842
Net cost of services	**1,038**	**(129,628)**	**(128,590)**	**45,211**	**22,509**	**-**	**67,720**
Other income and expenditure from the Expenditure and Funding Analysis	-	129,628	**129,628**	(59,211)	-	(2,394)	**(61,606)**
Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit	**1,038**	**-**	**1,038**	**(14,001)**	**22,509**	**(2,394)**	**6,114**

(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 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

	2017/18 £000	2018/19 £000
Expenditure		
Employee benefit expenses	203,868	204,085
Other service expenses	325,224	338,761
Depreciation, amortisation and impairment	35,333	45,680
Interest payments	38,014	37,219
Precepts and levies	34,584	33,309
Payments to the housing capital receipts pool	56	8
(Gain)/Loss on the disposal of assets	(1,947)	224
Loss on transfer to academy status	6,410	22,235
Total expenditure	**641,542**	**681,521**
Income		
Fees, charges and other service income	(83,883)	(89,725)
Interest and investment income	(7,145)	(9,068)
Income from Council Tax and Business Rates	(132,313)	(140,521)
Government grants and contributions	(390,099)	(375,221)
Other grants and contributions	(20,198)	(22,668)
Total income	**(633,638)**	**(637,204)**
Deficit on the Provision of Services	**7,904**	**44,317**

3. Financing and Investment Income and Expenditure

	2017/18 £000	2018/19 £000
Interest payable and similar charges	28,652	28,188
Net interest on the net defined benefit liability	9,362	8,816
Interest receivable and similar income	(1,475)	(2,786)
Income and expenditure in relation to investment properties and changes in their fair value	(1,949)	(2,885)
Other investment income	(5,670)	(6,282)
Loss on transfer of schools to Academy status	6,410	22,235
Fair Value movement on Pool Investment Funds	-	215
Total	**35,330**	**47,501**

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:

	2017/18 £000	2018/19 £000
Council Tax Income - General Purposes	(80,375)	(83,112)
Council Tax Income - Adult Social Care Precept	(3,115)	(4,831)
Retained Business Rates	(51,939)	(52,579)
Business Rates Top Up Grant	(54,891)	(47,831)
Grants in Lieu of Business Rates	(6,169)	(7,565)
Private Finance Initiative (PFI) Grant	(9,468)	(9,216)
Other Capital Grants and Contributions	(33,632)	(29,644)
Other Non-Ringfenced Government Grants	(1,765)	(1,091)
Housing and Council Tax Benefit Administration Grant	(1,294)	(1,220)
New Homes Bonus Grant	(2,784)	(1,601)
Education Services Grant	(740)	-
Adult Social Care Support Grant	(1,127)	(701)
Independent Living Fund Grant	(2,748)	(2,661)
Improved Better Care Fund Grant – Settlement 2015	(716)	(4,687)
Improved Better Care Fund Grant – Spring Budget 2017	(5,095)	(3,201)
Opportunity Area Grant	(1,557)	(4,694)
Winter Pressures Grant	-	(1,122)
School Improvement Monitoring & Brokerage Grant	-	(261)
Brexit Support Grant	-	(105)
Total	**(257,415)**	**(256,122)**

5. Grant Income Credited to Services

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

	2017/18 £000	2018/19 £000
Dedicated Schools Grant (DSG)	(154,198)	(151,378)
Housing Benefit Subsidy - Rent Allowances	(61,980)	(52,640)
Housing Benefit Subsidy - Rent Rebates	(5,180)	(5,264)
Education and Skills Funding Agency (ESFA) – Adult and Community Learning Income	(3,028)	(3,058)
Pupil Premium Grant	(10,341)	(10,072)
Private Finance Initiative (PFI) Credit	(22,601)	(22,853)
Other Government Grants	(6,892)	(9,287)
Other Grants	(1,404)	(1,645)
Reform Investment Funding	(540)	(1,460)
Discretionary Housing Payments	(683)	(652)
Total	**(266,847)**	**(258,309)**

6. Dedicated Schools' Grant (DSG)

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). DSG is ring-fenced and can only be used to finance expenditure that is included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. 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 2018/19 are as follows:

		2018/19		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG before academy recoupment			241,711
B	Academy Recoupment			(90,333)
C	**Total DSG after academy recoupment**			**151,378**
D	Balance Brought Forward			(3,031)
E	Carry forward to 2019/20 agreed in advance			-
				148,347
F	Agreed initial budget distribution	21,830	125,032	146,862
G	In year adjustments	(97)	1,581	1,484
H	**Final budget distribution**	**21,733**	**126,613**	**148,346**
I	Less: Central expenditure	(23,956)	-	(23,956)
J	Less: ISB deployed to schools	-	(127,113)	(127,113)
K	**Carried forward**	**(2,223)**	**(500)**	**(2,723)**

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

B: Figure recouped from the Authority in 2018/19 by the Department of Education (DfE) for conversion of maintained schools into Academies and for high needs payments made by the ESFA.

C: Total DSG figure after Academy and high needs recoupment for 2018/19.

D: Figure brought forward from 2017/18 as agreed with the DfE.

E: Any amount which the Authority decided after consultation with the Schools Forum to carry forward to 2019/20.

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

G: Changes to the initial distribution.

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

I: Actual amount of central expenditure items in 2018/19.

J: Amount of ISB actually distributed to schools.

K: Carry-forward to 2019/20.

The deficit of £2.723m is netted off against the cumulative level of School's balances and hence reduces the School's Reserve to £4.202m as shown at Note 15 (Earmarked Reserves).

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.

Royton and Crompton School was derecognised on the Council's balance sheet as it transferred to Academy Status in 2018/19. The value of the disposal is £12.060m.

8. Members' Allowances

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

	2017/18 £000	2018/19 £000
Allowances	1,005	1,010
Expenses	1	-
Total	**1,006**	**1,010**

9. Officers' Remuneration

The remuneration of senior employees is detailed below.

	2017/18					2018/19					Note
	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	Salary, Fees and Allowances £000	Expenses Allowances £000	Compensation for Loss of Office £000	Pension Contribution £000	Total £000	
C Wilkins OBE, Chief Executive Oldham Council and Accountable Officer, NHS Oldham CCG, Head of Paid Service	172	1		27	**200**	175	1		36	**212**	**A**
Deputy Chief Executive: Corporate and Commercial Services	122	-		24	**146**	129	-		27	**156**	**B**
Deputy Chief Executive: People and Place	121	-		24	**145**	129	-		27	**156**	**C**
Strategic Director: Reform	-	-		-		31	-		-	**31**	**D**
M Joseph, Interim Director of Children's Services	22	-		-	**22**	235			-	**235**	**E**
Managing Director Health and Adult Social Care Community Services (Director of Adult Social Services)	-	-		-		102	-		21	**123**	**F**
Executive Director: Health and Wellbeing (Director of Adult Social Services & Director of Children's Social Care, Chief Education Officer)	122	-		24	**146**	-	-	-	-	**-**	**G**
Director of Finance and Chief Financial Officer (Section 151 Officer)	91	-		18	**109**	94			19	**113**	
Director of Legal Services and Monitoring Officer	98	-		19	**117**	97	-		20	**117**	
Director of Public Health	55	-		8	**63**	-	-	-	-	**-**	**H**
Director of Public Health	21	-		4	**25**	83	-		17	**100**	**I**
Director of Education, Skills and Early Years (Chief Education Officer)	-	-		-		88	-		18	**106**	**J**

Senior Officers served for the whole of 2018/19 and 2017/18 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) from 1 April 2018. The contribution to the salary and pension cost paid by the CCG was £106,172.

B The Executive Director: Corporate and Commercial Services was appointed to the post of Deputy Chief Executive: Corporate and Commercial Services on 1 April 2018.

C The Executive Director: Economy, Skills and Neighbourhoods was appointed to the post of Deputy Chief Executive: People and Place on 1 April 2018.

D The Strategic Director: Reform was appointed on 1 January 2019.

E The Director of Children's Services: was appointed on an interim basis from 5 March 2018. As this appointment is via an agency arrangement, the costs shown reflect payments made to the agency not the individual.

F The Managing Director Health and Adult Social Care Community Services became the Director of Adults' Social Services on 1 April 2018. The contribution to salary and pension costs paid by Pennine Care NHS Trust was £60,455.

G The Executive Director: Health and Wellbeing left the Council on 31 March 2018.

H The Director of Public Health: left the Council on 31 December 2017.

I The Director of Public Health: was appointed on an interim basis from 1 January 2018. The post was permanently appointed to on 11 February 2019.

J The Director of Education, Skills and Early Years became the Chief Education Officer on 1 April 2018.

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:

	Restated 2017/18 Number of Employees Including Severance or Other Related Payments	2018/19 Number of Employees Including Severance or Other Related Payments
£50,000 - £55,000	66	66
£55,001 - £60,000	53	47
£60,001 - £65,000	38	36
£65,001 - £70,000	18	22
£70,001 - £75,000	15	5
£75,001 - £80,000	8	13
£80,001 - £85,000	2	3
£85,001 - £90,000	7	5
£90,001 - £95,000	2	-
£95,001 - £100,000	1	1
£100,001 - £105,000	2	1
£105,001 - £110,000	1	1
£110,001 - £115,000	-	-
£115,001 - £120,000	-	-
£120,001 - £125,000	1	1
£125,001 - £130,000	1	-
Total	**215**	**201**

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)	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	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	15	7	37	33	52	40	362,022	301,750
£20,001 - £40,000	-	1	9	1	9	2	252,265	56,823
£40,001 - £60,000	1	-	8	-	9	-	429,983	-
£60,001 - £80,000	1	1	2	2	3	3	207,115	188,562
£80,001 - £100,000	-	-	1	-	1	-	81,795	-
Total	**17**	**9**	**57**	**36**	**74**	**45**	**1,333,180**	**547,135**

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 2018/19 is Mazars LLP. Certification of grant claims and non-audit services was provided by KPMG LLP. Both services were performed by Grant Thornton (UK) LLP in 2017/18.

	2017/18 £000	2018/19 £000
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year (Grant Thornton (UK) LLP in 2017/18)	136	104
Fees payable to KPMG LLP in respect of grant claims and returns for the year (Grant Thornton (UK) LLP in 2017/18)	13	17
Other Services (Grant Thornton (UK) LLP in 2017/18)	5	1
Total	**154**	**122**

11. Trading Operations

The Council has established various trading units where the service manager is required to operate in a commercial environment by generating income from other parts of the Council, other organisations or members of the public, in order to either match expenditure incurred or, in certain instances, operate within an approved level of subsidy. Details of those units are as follows:

Trading Units	2017/18	2018/19		
	(Surplus) /Deficit £000	Turnover £000	Expenditure £000	(Surplus) /Deficit £000
Building Control	227	(295)	553	258
Security Services	(557)	(2,105)	1,728	(377)
Markets	293	(1,287)	1,738	451
Cemeteries and Crematoria	(140)	(1,820)	1,798	(22)
Non-Operational Property	2,682	(3,607)	4,979	1,372
Trade Waste	(39)	(1,526)	1,327	(199)
Highways Maintenance	-	(2,333)	2,333	-
Fleet Management	3	(181)	180	(1)
Parking	(12)	(1,982)	1,898	(84)
Catering	881	(7,514)	8,823	1,309
Cleaning	528	(2,300)	3,039	739
Public Halls	681	(737)	1,558	821

12. Pooled Funds

Section 75 Agreement

In April 2016 Greater Manchester took control and responsibility for the £6bn Health & Social Care Budget and is working to deliver its own sustainable health and social care system by 2021. In taking forward this initiative locally, Oldham Council and the Oldham CCG have jointly developed a Locality Plan for Health and Social Care Transformation covering the period 2016/17 to 2020/21.

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 scope of services contained within the Section 75 agreement has increased considerably for 2018/19 as a result of exploring more integrated ways of working across the health and social care economy. The main purpose is to facilitate a whole system approach to deliver care where and how it needs to be delivered to the citizens of Oldham.

The Section 75 agreement for 2018/19 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

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

- a pooled budget that relates solely to the Integrated Community Equipment Service which is hosted by the Council but for which partners equally share the risk associated with any variance to budget
- a pooled aligned budget covering the majority of funding and expenditure where funds are held in the host organisations budget, with no risk share.

As shown in the table below the Council spent pooled funds of £69.608m compared to a budgeted sum of £69.743m and the CCG spent £72.162m of pooled funds which matched the budgeted sum. The 2018/19 under spend of £0.135m relates solely to the Disabled Facilities Grant and these funds are held by Oldham Council.

Section 75 Pooled Funds	2017/18 £000	2018/19 £000
Funding provided to the pooled funds:		
Council	(7,577)	(69,743)
Oldham CCG	(16,869)	(72,162)
	(24,446)	**(141,905)**
Expenditure met from the pooled funds:		
Council	16,313	69,608
Oldham CCG	6,709	72,162
	23,022	**141,770**
Net (surplus)/deficit arising on the pooled funds during the year	**(1,424)**	**(135)**

13. 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 2018/19 is disclosed in Note 8.

The Register of Members' Interests is open to public inspection at the Civic Centre during office hours, on application, and is also available on the Council's website. The Council is compliant in this regard with the requirement of the Localism Act 2012.

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

Officers

Chief Officers have not disclosed any material transactions with related parties.

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

The Council has pooled fund arrangement with Oldham CCG which encompass 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 12. 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. This is following a shift of function in April 2018 where the Greater Manchester Waste Disposal Authority (GMWDA) transferred all its duties, obligations and statutory powers for waste disposal to the Greater Manchester Combined Authority (GMCA).

Levying Body	31 March 2018 £000	31 March 2019 £000
Greater Manchester Waste Disposal Authority	25,525	-
Greater Manchester Combined Authority - Waste Disposal	-	9,481
Greater Manchester Combined Authority - Transport	8,699	23,460
Environment Agency	102	104
Total	**34,326**	**33,045**

The original levy charged by GMWDA was £10.149m but due to rebates of landfill costs the final balance reduced to £9.481m.

Note: In 2017/18 there was a levy adjustment of £7.368m between the GMWDA and the GMCA to support a savings programme which was anticipated to save the GMWDA significant sums in annual costs in future years. This was a one year adjustment with the equivalent amount being transferred back between the two Authorities in 2018/19.

The following table shows the receipts, payments and balances attributable to the Council's subsidiaries, associates, joint ventures and non-group entities where appropriate. On 2 July 2018 the Council acquired the Unity Partnership Ltd, therefore for 2018/19 transactions have been reported in the 'subsidiary' category. Comparator amounts for 2017/18 are shown in the 'associate' category. The Unity Partnership Ltd has been consolidated into the Council's group accounts in Section 5.

Entities Controlled or Significantly Influenced by the Council

Related Party Transactions	Details of Arrangement	2017/18 Receipts £000	2017/18 Payments £000	2017/18 Outstanding Balances / Commitments £000	2018/19 Receipts £000	2018/19 Payments £000	2018/19 Outstanding Balances / Commitments £000
Subsidiaries							
MioCare Group Community Interest Company (CIC) (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)).	(1,093)	13,043	72	(1,201)	13,269	52
Unity Partnership Limited (Unity)	On 2 July 2018 the associate agreement between Oldham Council and the Kier Group ceased. The ownership of Unity Partnership transferred to Oldham Council and Unity Partnership became a 100% wholly owned Council subsidiary company.				(2,188)	18,201	575
Oldham Economic Development Association Limited (OEDA)	OEDA is a company without share capital which is wholly owned by the Council and which 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							
Unity Partnership Limited (Unity)	Unity came into being on 2 May 2007. The company was made up of the Council, Mouchel and HBS (with both companies merging to become the Mouchel Group). Kier Group, the integrated property, residential, construction and services group acquired the Mouchel Group on 8 June 2015. The Council owned one third of the shares and consequently had one third of the voting rights of Unity.	(283)	17,326	(954)	-	-	-
Meridian Development Company Ltd (MDCL)	MDCL was created to enable the purchase and development of key sites in Oldham. The Council holds 27.2% of the voting shares and 59.1% of the non voting shares.	-	-	-	-	-	-
Joint Ventures							
Oldham Property LLP (OP LLP)	OP LLP is a joint venture between the Council and Brookhouse Group Ltd and was incorporated on 13 February 2013 for the acquisition of strategic development sites.	-	-	-	(1)	-	-
FO Development LLP	This joint venture was formed to deliver the development of the Foxdenton employment area in order to create a premium business location, new jobs and housing.	-	2,688	-	(12)	4,487	-
Non-Group Entities							
Positive Steps Oldham	The Council has a number of contracts with Positive Steps which is a charitable trust that delivers a range of targeted and integrated services for young people, adults and families. It is a not for profit company for which Council Members occupy 4 of the 12 Trustee positions.	-	-	-	(18)	4,198	-
	Total	**(1,376)**	**33,057**	**(882)**	**(3,402)**	**35,957**	**627**

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.

	2017/18						2018/19					
	Usable Reserves						Usable Reserves					
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £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	(27,989)	(5,278)	-	-	-	33,267	(30,720)	(4,270)	-	-	-	34,990
Charges for impairment of non-current assets	(877)	(733)	-	-	-	1,610	(5,889)	-	-	-	-	5,889
Revaluation losses on Property, Plant and Equipment	62	1,111	-	-	-	(1,173)	(3,569)	309	-	-	-	3,260
Movements in the fair value of Investment Properties	591	-	(275)	-	-	(316)	1,483	-	(240)	-	-	(1,243)
Amortisation of intangible assets	(1,422)	-	-	-	-	1,422	(1,332)	-	-	-	-	1,332
Capital grants and contributions applied	5,720	-	-	-	-	(5,720)	7,706	-	-	-	-	(7,706)
Revenue expenditure funded from capital under statute	(6,172)	(42)	-	-	-	6,214	(10,686)	-	-	-	-	10,686
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,268)	(8)	-	-	-	6,276	(6,565)	(9)	-	-	-	6,574
Amounts written off on disposal of Academy Schools to the Comprehensive Income and Expenditure Statement	(6,410)	-	-	-	-	6,410	(22,236)	-	-	-	-	22,236
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	10,118	4,260	-	-	-	(14,378)	4,463	4,413	-	-	-	(8,876)
Capital expenditure charged against the General Fund and HRA balances	7,458	744	-	-	-	(8,202)	7,271	851	-	-	-	(8,123)
Adjustments primarily involving the Capital Grants Unapplied Account:												
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	27,912	-	-	-	(27,912)	-	21,938	-	-	-	(21,938)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	5,101	(5,101)	-	-	-	-	17,816	(17,816)
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	8,809	109	(8,918)	-	-	-	5,659	168	(5,827)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	6,780	-	-	(6,780)	-	-	14,919	-	-	(14,919)
Contributions to the Capital Receipts Pool	-	-	-	-	-	-	(8)	-	8	-	-	-
Repayment of Long Term Loans	-	-	(90)	-	-	90	-	-	(112)	-	-	112
Transfer from Deferred Capital Receipts reserve upon receipt of cash	-	-	(2,080)	-	-	2,080	-	-	-	-	-	-

	2017/18						2018/19					
	Usable Reserves						Usable Reserves					
	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000	General Fund Balance £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £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	(695)	-	-	-	-	695	523	-	-	-	-	(523)
Adjustments primarily involving the Major Repairs Reserve:												
Transfer of Excess of Depreciation over Notional MRA to MRR	-	(5,234)	-	5,234	-	-	-	(4,187)	-	4,187	-	-
Credit MRR with a sum equal to HRA Depreciation	-	5,278	-	(5,278)	-	-	-	4,270	-	(4,270)	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:												
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	212	-	-	-	-	(212)	221	-	-	-	-	(221)
Adjustments primarily involving the Financial Instruments Revaluation Reserve:												
Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.	-	-	-	-	-	-	(215)	-	-	-	-	215
Adjustments primarily involving the Pensions Reserve:												
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 28)	(39,582)	-	-	-	-	39,582	(39,845)	-	-	-	-	39,845
Employer's pension contributions and direct payments to pensioners payable in the year	17,073	-	-	-	-	(17,073)	17,037	-	-	-	-	(17,037)
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	2,052	-	-	-	-	(2,052)	1,983	-	-	-	-	(1,983)
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	344	-	-	-	-	(344)	629	-	-	-	-	(629)
Total Adjustments	**(6,321)**	**207**	**(4,583)**	**(44)**	**(22,811)**	**33,553**	**(49,408)**	**1,545**	**8,747**	**(83)**	**(4,122)**	**43,321**

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 2017/18 and 2018/19. All Earmarked Reserves are managed in accordance with the Council's reserves policy.

	Balance as at 31 March 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance as at 31 March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance as at 31 March 2019 £000
Integrated Working Reserve	(4,392)	2,559	(2,500)	(4,333)	1,819	(1,148)	(3,662)
Transformation Reserve	(15,733)	6,971	(2,342)	(11,104)	2,575	(1,752)	(10,281)
Adverse Weather Reserve	(1,600)	555	(455)	(1,500)	-	-	(1,500)
Regeneration Reserve	(3,350)	20	(250)	(3,580)	571	(3,447)	(6,456)
Demand Changes Reserve	(2,265)	265	-	(2,000)	1,000	(1,000)	(2,000)
Emergency and External Events Reserve	(2,500)	164	(335)	(2,671)	55	(135)	(2,751)
Levy Reserve	(1,409)	851	-	(558)	157	-	(402)
Council Initiatives Reserve	(5,924)	1,750	(1,005)	(5,179)	1,220	(555)	(4,514)
Fiscal Mitigation Reserve	(8,415)	10,565	(19,310)	(17,160)	19,696	(17,513)	(14,975)
Life Cycle Costs Reserve	(12,324)	7,233	(1,520)	(6,611)	-	-	(6,611)
Insurance Reserve	(12,782)	-	(2,151)	(14,933)	2,000	(1,596)	(14,529)
Directorate Reserve	(5,513)	3,081	(2,045)	(4,477)	2,305	(595)	(2,767)
Balancing Budget Reserve	(6,525)	6,525	(7,264)	(7,264)	7,264	(8,818)	(8,818)
Taxation/Treasury Reserve	(625)	-	-	(625)	-	-	(625)
District Partnership Reserve	(605)	262	(392)	(735)	95	(92)	(732)
Total Revenue Account Earmarked Reserves	**(83,962)**	**40,801**	**(39,570)**	**(82,731)**	**38,756**	**(36,650)**	**(80,623)**
Other Earmarked Reserves							
Revenue Grants Reserve	(5,160)	2,229	(3,829)	(6,760)	1,962	(3,935)	(8,733)
Schools Reserve	(4,519)	9,352	(7,347)	(2,514)	8,666	(10,353)	(4,202)
Total Other Earmarked Reserves	(9,679)	11,581	(11,176)	(9,274)	10,628	(14,287)	(12,935)
Total Earmarked Reserves	**(93,641)**	**52,382**	**(50,746)**	**(92,005)**	**49,384**	**(50,938)**	**(93,558)**

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 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 2019/20 and also the programme of change as the Council moves to address funding reductions in future years by the continued transformation of its services.

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

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

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

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

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

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

Fiscal Mitigation Reserve – this reserve has been established to fund future costs expected to arise from reforms to Central Government Funding, pressures resulting from legislative change and the potential requirement to support performance improvement in selected services.

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 2019/20 budget approved by Council on 27 February 2019. It will be used in 2019/20.

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

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

Other Earmarked Reserves

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

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

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

16. Unusable Reserves

Summary	Note	31 March 2018 £000	31 March 2019 £000
Revaluation Reserve	16a	(296,913)	(291,667)
Financial Instruments Revaluation Reserve	16b	-	(42,271)
Capital Adjustment Account	16c	(15,483)	(17,413)
Financial Instruments Adjustment Account	16d	8,993	8,772
Deferred Capital Receipts		-	(523)
Pensions Reserve	16f	340,276	420,767
Collection Fund Adjustment Account		(1,707)	(3,689)
Accumulative Absences Reserve		5,029	4,399
Available for Sale Financial Instruments Reserve	16i	(41,245)	-
Total Unusable Reserves		**(1,050)**	**78,375**

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	2017/18 £000	2018/19 £000
Balance at 1 April	**(236,049)**	**(296,913)**
Upward revaluation of assets	(81,668)	(39,081)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	5,800	18,312
Difference between fair value depreciation and historic cost depreciation	10,750	12,783
Accumulated losses on non-current assets sold or decommissioned (excluding Academies)	1,394	2,017
Accumulated losses on Academy assets sold or decommissioned	2,860	11,215
Balance at 31 March	**(296,913)**	**(291,667)**

(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 Instruments Revaluation Reserve	2017/18 £000	2018/19 £000
Balance at 1 April	**-**	**-**
Transfer from Available for Sale Financial Instrument Account	-	(41,245)
Revaluation of Shareholding in Manchester Airport	-	(800)
Adjustment to Available for Sale Reserve – Pooled Investment Funds Fair Value increase 2017/18	-	(441)
Surplus on revaluation of Financial Instrument Revaluation Reserve		(1,241)
Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory Over-Ride*	-	215
Balance at 31 March	**-**	**(42,271)**

*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	2017/18 £000	2018/19 £000
Balance at 1 April	**(11,354)**	**(15,051)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation of non-current assets	33,267	34,990
Charges for impairment of non-current assets	1,610	5,889
Revaluation (gains)/losses on Property, Plant and Equipment	(1,173)	3,260
Amortisation of intangible assets	1,422	1,332
Revenue expenditure funded from capital under statute	6,212	10,686
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (excluding Academies)	6,276	6,574
Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement	6,410	22,236
Adjusting amounts written out of the Revaluation Reserve	(15,004)	(26,016)
Repayment of Long Term Debtors	90	112
Capital financing applied in the year:		
Use of the Capital Receipts reserve to finance new capital expenditure	(6,780)	(14,919)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,720)	(7,706)
Application of grants to capital financing from the Capital Grants Unapplied Account	(5,101)	(17,816)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,742)	(2,742)
Voluntary MRP	(14,378)	(8,876)
Capital expenditure charged against the General Fund and HRA balances	(8,202)	(8,123)

Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(316)	(1,243)
Balance at 31 March	**(15,483)**	**(17,413)**

(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 Tax payers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

Financial Instrument Adjustment Account	2017/18 £000	2018/19 £000
Balance as 1 April	**9,205**	**8,993**
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(356)	(356)
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	144	135
Balance at 31 March	**8,993**	**8,772**

(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	2017/18 £000	2018/19 £000
Balance at 1 April	**346,748**	**340,276**
Remeasurement of net defined benefit liability	(28,981)	57,683
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	39,582	39,845
Employer's pension contributions and direct payments to pensioners payable in the year	(17,073)	(17,037)
Balance at 31 March	**340,276**	**420,767**

(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 Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

(16h) Accumulative 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.

(16i) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from the increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is decreased when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; and
- disposed of and the gains are realised.

Available for Sale Financial Instruments	2017/18 £000	2018/19 £000
Balance at 1 April	**(33,246)**	**(41,245)**
Revaluation of Shareholding in Manchester Airport	(8,200)	-
Revaluations – Other	201	-
Revaluations - Other - Reverse year end net asset valuation	-	(441)
Transfer of net asset valuation movement to Financial Instruments Revaluation Reserve under IFRS 9	-	441

Transfer of Available for Sale Reserve opening balance to Financial Instruments Revaluation Reserve under IFRS 9	-	41,245
Balance at 31 March	**(41,245)**	**-**

The 2018/19 Code of Practice on Local Authority Accounting has adopted IFRS 9 Financial Instruments. As a result of the implementation of IFRS 9, the Available for Sale Reserve has been decommissioned and any balance held has been transferred to the Financial Instruments Revaluation Reserve. The Council has transferred the balance on the Available for Sale Reserve in relation to its shareholding in the Manchester Airport Holdings Limited and its investment in the CCLA property fund.

17. Property, Plant and Equipment

Movements on Balances

2018/19	Property, Plant and Equipment (PPE)							
	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	PPE Under Construction £000	Total PPE £000
Cost or Valuation								
At 1 April 2018	**72,036**	**536,062**	**30,185**	**247,557**	**3,249**	**2,793**	**3,740**	**895,622**
Additions	2,238	8,390	3,695	9,888	3	70	27	**24,310**
Revaluation Increases/(decreases) to Revaluation Reserve	(1,243)	(2,317)	-	-	-	(2,248)	-	**(5,808)**
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	248	(2,876)	-	-	-	(874)	-	**(3,503)**
Derecognition-Disposals	(82)	(27,036)	(570)	-	-	-	-	**(27,688)**
Reclassified to/from Held for Sale	160	(1,444)	-	-	-	950	-	**(334)**
Other Reclassifications	(45)	(5,810)	-	-	195	4,880	-	**(779)**
At 31 March 2019	**73,313**	**504,968**	**33,310**	**257,446**	**3,447**	**5,571**	**3,767**	**881,820**
Accumulated Depreciation and Impairment								
At 1 April 2018	**6,892**	**9,438**	**23,809**	**98,031**	**3,249**	**-**	**3**	**141,422**
Depreciation Charge	4,188	21,166	1,841	7,795	-	-	-	**34,990**
Depreciation written out on revaluation	(5,301)	(18,253)	-	-	-	(384)	-	**(23,938)**
Depreciation written out to Surplus/Deficit on the Provision of Services	(61)	(313)	-	-	-	-	-	**(374)**
Impairment losses/reversals to Revaluation Reserve	(1,522)	(392)	-	-	-	(251)	-	**(2,165)**
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	-	2,239	-	-	3	59	3,590	**5,891**
Derecognition-Disposals	(4)	(1,308)	(233)	-	-	-	-	**(1,546)**
Eliminated on reclassification to Held for Sale	-	120	-	-	-	-	-	**120**
Other Reclassifications	(5)	(1,063)	-	-	195	633	-	**(240)**
At 31 March 2019	**4,187**	**11,634**	**25,417**	**105,826**	**3,447**	**56**	**3,593**	**154,160**
Net Book Value								
At 31 March 2019	**69,126**	**493,334**	**7,893**	**151,620**	**-**	**5,515**	**174**	**727,663**
At 31 March 2018	**65,144**	**526,624**	**6,376**	**149,526**	**-**	**2,793**	**4,169**	**754,633**

Comparative Movements in 2017/18

2017/18	Property, Plant and Equipment (PPE)							
	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	PPE Under Construction £000	Total PPE £000
Cost or Valuation								
At 1 April 2017	**67,201**	**494,028**	**28,654**	**242,273**	**3,297**	**1,819**	**3,728**	**841,001**
Additions	-	10,523	2,448	5,284	-	2	444	**18,701**
Revaluation Increases/(decreases) to Revaluation Reserve	2,082	50,920	-	-	(48)	(30)	-	**52,924**
Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services	1,025	(762)	-	-	-	(40)	-	**223**
Derecognition-Disposals	(76)	(11,992)	(917)	-	-	(250)	-	**(13,235)**
Reclassified to/from Held for Sale	-	(3,559)	-	-	-	-	-	**(3,559)**
Other Reclassifications	1,804	(3,096)	-	-	-	1,292	-	-
At 31 March 2018	**72,036**	**536,062**	**30,185**	**247,557**	**3,249**	**2,793**	**4,172**	**896,055**
Accumulated Depreciation and Impairment								
At 1 April 2017	**4,447**	**11,539**	**22,686**	**90,368**	**3,297**	**-**	**3**	**132,340**
Depreciation Charge	5,191	18,403	2,010	7,663	-	-	-	**33,267**
Depreciation written out on revaluation	(4,359)	(17,869)	-	-	-	(8)	-	**(22,236)**
Depreciation written out to Surplus/Deficit on the Provision of Services	(85)	(755)	-	-	-	-	-	**(840)**
Impairment losses/reversals to Revaluation Reserve	-	(1,114)	-	-	(48)	-	-	**(1,162)**
Impairment losses/reversals to Surplus/Deficit on the Provision of Services	-	1,604	-	-	-	-	-	**1,604**
Derecognition-Disposals	-	(591)	(887)	-	-	-	-	**(1,478)**
Eliminated on reclassification to Held for Sale	-	(73)	-	-	-	-	-	**(73)**
Other Reclassifications	1,698	(1,706)	-	-	-	8	-	-
At 31 March 2018	**6,892**	**9,438**	**23,809**	**98,031**	**3,249**	**-**	**3**	**141,422**
Net Book Value								
At 31 March 2018	**65,144**	**526,624**	**6,376**	**149,526**	**-**	**2,793**	**4,169**	**754,633**
At 31 March 2017	**62,754**	**482,489**	**5,968**	**151,905**	**-**	**1,819**	**3,726**	**708,661**

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 2019, 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 2018.

Effects of Changes in Estimates

In 2018/19 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 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 fair 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.

	Council Dwellings £000	Other Land and Buildings £000	Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total £000
Carried at historical cost	-	1,134	33,310	257,446	3,447	-	3,767	299,103
Valued at fair value as at:								
31 March 2019	70,985	66,304	-	-	-	5,121	-	142,410
31 March 2018	-	113,032	-	-	-	-	-	113,032
31 March 2017	73	78,327	-	-	-	-	-	78,400
31 March 2016	-	59,872	-	-	-	-	-	59,872
31 March 2015	2,255	186,300	-	-	-	450	-	189,005
Total Cost or Valuation	**73,313**	**504,968**	**33,310**	**257,447**	**3,447**	**5,571**	**3,767**	**881,820**

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. In addition, the Council holds two paintings by William Orpen and one by each of J. W. Waterhouse, Stanhope Forbes and A. J. Munnings which have values in excess of £1 million. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures and decorative arts.

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

- **Civic Regalia -** The Council's Civic Regalia is reported in the Balance Sheet at insurance valuation and the insured sum for 2018/19 is £1.192m.

- **Art Collection -** The Council has had the art collection valued by external valuers Bonhams Auctioneers and Valuers. The valuation was on an insurance basis assessed at £18.711m undertaken by Bonhams as at January 2004.

- **Statues –** An additional statue was commissioned in 2018/19 and recorded at cost price of £0.036m. The assets within this category are deemed to have indeterminate lives, hence the Council does not consider it as appropriate to charge depreciation. Other Council owned statues are held on the balance sheet at their nominal value.

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

In March 2018 a flood occurred at Gallery Oldham. Conservation specialists were brought in to make an initial visual assessment of all items and undertake 'first-aid' work to stabilise any affected items. In addition, they provided a more detailed assessment and identified conservation needs. A specialist Art Assessor was instructed by the Loss Adjusters to assess the damage. It has been confirmed that no items from the collections have been deemed completely lost or destroyed. The flood caused no significant damage to the artworks although there was some damage to the building.

Where restoration has taken place, it was agreed that this would have been necessary as part of normal restoration not specifically linked to flood damage and this was reflected in the final insurance claim and adjusted accordingly.

An internal review of estimates and valuations has been requested for insurance purposes. This is a lengthy project which is anticipated to take in excess of 12 months to complete. Until the review has concluded, it is prudent to continue to use the existing valuations. The outcome of the internal review will be evaluated once completed and reflected accordingly.

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 2017	**18,711**	**1,072**	**-**	**19,783**
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	-	-	-
31 March 2018	**18,711**	**1,072**	**-**	**19,783**
Cost or Valuation				
1 April 2018	**18,711**	**1,072**	**-**	**19,783**
Revaluation Gains/(Losses) Recognised in the Revaluation Reserve	-	120	-	120
Additions	-	-	36	36
31 March 2019	**18,711**	**1,192**	**36**	**19,939**

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

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:

	2017/18 £000	2018/19 £000
Rental Income From Investment Properties	(3,396)	(2,105)
Direct Operating Expenses (including repairs and maintenance)	2,107	870
Net Gain	**(1,289)**	**(1,235)**

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

	2017/18 £000	2018/19 £000
Balance at 1 April	**16,138**	**15,749**
Additions: Subsequent Expenditure	25	181
Disposals	(228)	(8)
Net Gain from Fair Value Adjustments	544	1,250
Transfers to/(from) Other Land and Buildings	(730)	772
Balance at 31 March	**15,749**	**17,945**

Fair Value Hierarchy

All of the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 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 2019 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.

	2017/18 £000	2018/19 £000
Opening Capital Financing Requirement	**521,790**	**505,049**
Capital Investment		
Property Plant and Equipment	18,701	24,310
Investment Assets	25	181
Heritage Assets	-	36
Revenue Expenditure Funded from Capital Under Statute	6,214	10,686
Long Term Investment	-	1,500
Intangible Assets	1,194	981
Long Term Debtors	-	11,278
Assets Held for Sale	49	43
Sources of Finance		
Capital Receipts	(6,780)	(14,919)
Government Grants And Other Contributions	(10,821)	(25,523)
Sums Set aside from Revenue	(25,323)	(19,741)
Closing Capital Financing Requirement	**505,049**	**493,880**
Explanation of movements in year		
Increase in Need to Borrow Supported by Government Financial Assistance	(2,742)	(2,742)
Increase in Need to Borrow Unsupported by Government Financial Assistance	(14,378)	(8,876)
Assets Acquired Under Finance Leases	379	450
Assets Acquired Under PFI/ PPP Contracts	-	-
Decrease in Capital Financing Requirement	**(16,741)**	**(11,168)**

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 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Amortised Cost								
Principal	2,184	3,768	9,822	21,507	13,000	32,000	13,400	17,019
Investment Accrued Interest	-	-	-	-	16	85	-	-
Cash & Cash Equivalents (CCE)	-	-	-	-	42,416	33,217	-	-
CCE Accrued Interest	-	-	-	-	34	12	-	-
Amortised Cost Total	**2,184**	**3,768**	**9,822**	**21,507**	**55,466**	**65,314**	**13,400**	**17,019**
Available for Sale	66,458	**-**	**-**	**-**	150	**-**	**-**	**-**
Fair Value through Profit and Loss	-	14,785	-	-	-	150	-	-
Fair Value through Other Comprehensive Income - designated equity instruments	-	52,700	-	-	-	-	-	-
Total Financial Assets	**68,642**	**71,253**	**9,822**	**21,507**	**55,616**	**65,464**	**13,400**	**17,019**
Non-Financial Assets	-	-	-	-	-	-	29,783	30,558
Total	**68,642**	**71,253**	**9,822**	**21,507**	**55,616**	**65,464**	**43,183**	**47,577**

Financial Liabilities

	Non-Current		Current			
	Borrowings		Borrowings		Creditors	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Amortised Cost						
Principal	147,583	147,583	268	263	36,053	37,058
Loans Accrued Interest	-	-	1,400	1,403	-	-
Market Loans Effective Interest Rate Adjustment	798	790	-	-	-	-
PFI, Finance lease and transferred debt	245,890	235,586	10,226	11,024	-	-
Total Financial Liabilities	**394,271**	**383,959**	**11,894**	**12,690**	**36,053**	**37,058**
Non-Financial Liabilities	-	-	-	-	15,361	15,434
Total	**394,271**	**383,959**	**11,894**	**12,690**	**51,414**	**52,492**

Borrowings	Long Term 31 March 2018 £000	Current 31 March 2018 £000	Long Term 31 March 2019 £000	Current 31 March 2019 £000
PWLB	15,482	97	15,482	97
LOBO's	86,298	897	86,290	902
Other market debt	46,601	674	46,601	667
Total Borrowings	**148,381**	**1,668**	**148,373**	**1,666**

Reclassification and remeasurement of financial assets at 1 April 2018

This note shows the effect of reclassification of financial assets following the adoption of IFRS 9 Financial Instruments by the Code of Practice on Local Authority Accounting and the remeasurements of carrying amounts then required.

	Carrying amount brought forward at 1 April 2018 £000	New Classifications at 1 April 2018		
		Amortised Cost £000	Fair Value through Other Comprehensive Income £000	Fair Value through Profit and Loss £000
Previous classifications				
Loans and receivables	108,471	108,471	-	-
Available for Sale	68,793	-	54,084	14,709
Reclassified amounts at 1 April 2018	**177,264**	**108,471**	**54,084**	**14,709**

Effect of Asset Reclassification and Remeasurement on the Balance Sheet

This note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

New Classifications at 1 April 2018

	Amortised Cost £000	Fair Value through Other Comprehensive Income £000	Fair Value through Profit and Loss £000	Non-financial instrument balances £000	Total Balance Sheet carrying amount £000
Remeasured carrying amounts at 1 April 2018	108,471	54,084	14,709	-	**177,264**
Reclassified amounts:					
Non-current investments	-	54,084	14,559	-	**68,643**
Long-term debtors	9,822	-	-	-	**9,822**
Current investments	55,466	-	150	-	**55,616**
Current debtors	13,400	-	-	29,783	**43,183**
Total	**78,688**	**54,084**	**14,709**	**29,783**	**177,264**

Application of classification requirements at 1 April 2018

The following judgements were made in reclassifying financial instruments at 1 April 2018:

Designated to fair value through other comprehensive income

The Council has a 3.22% shareholding in Manchester Airport Holdings Limited and up to 31 March 2018 the shareholding was held as an ‘Available for Sale Financial Asset’ and measured at fair value each year. Any change in fair value is posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

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

The Manchester Airport Holdings Limited 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.

Statutory Override on pooled investments

The Council holds a £15.000m pooled investment in a property fund. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (MHCLG) have agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from April 2018. The Council will use the statutory override to account for any changes in the fair value on its pooled investments.

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 2019 as fair value through other comprehensive income:

Description	Nominal £000	Fair Value £000	Change in fair value during 2018/19 £000
Manchester Airport Shares	10,214	52,700	800

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:

	2017/18			2018/19		
	Surplus or Deficit on the provision of Services	Other Comprehensive Income & Expenditure	Total	Surplus or Deficit on the provision of Services	Other Comprehensive Income & Expenditure	Total
	£000	£000	£000	£000	£000	£000
Net gains/losses on:						
Financial Assets measured at fair value through profit or loss	-	(201)	**(201)**	-	(215)	**(215)**
Financial Assets measured at fair value through other comprehensive income	-	8,200	**8,200**	-	800	**800**
Total net gains /(losses)	**-**	**7,999**	**7,999**	**-**	**585**	**585**
Interest Income:						
Financial Assets measured at amortised cost	1,475	-	**1,475**	2,786	-	**2,786**
Other Financial Assets measured at fair value through other comprehensive income	5,670	-	**5,670**	6,067	-	**6,067**
Total interest income	**7,145**	**-**	**7,145**	**8,853**	**-**	**8,853**
Interest Expense	**(28,652)**	**-**	**(28,652)**	**(28,188)**	**-**	**(28,188)**

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 2018 Fair value £000	31 March 2019 Fair value £000
Fair Value through Profit and Loss CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	14,559	14,785
Fair Value through Other Comprehensive Income Manchester Airport	Level 2	Earnings Based	51,900	52,700
			66,459	**67,485**

* 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). The shares in this company are not traded in an active market; however, the fair value shown above is based on a high degree of comparability to listed company data including any movement in share prices. An earnings based method has been employed which takes as its basis the profitability of the company, assessing its historic earnings and arriving at a view of "maintainable" or "prospective" earnings.

The method involves the application of a price earnings ratio to maintainable or prospective earnings or post tax profits and draws on data from comparable quoted companies. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights. These unobservable inputs have been developed using the best information about the assumptions that the market participants would use when pricing the asset.

The valuation has been made using annual audited accounts of MAHL for 2015, 2016, 2017 and 2018 along with interim 6 month reports for the period ending 30 September 2018. These shares are subject to an annual valuation. In 2018/19 this has seen an increase in value of £0.800m.

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 a fair value cannot be established or they are commercially sensitive. The total value of these long term investments at 31 March 2019 is £3.768m.

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 2018		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB	15,579	17,382	15,579	17,869
Market Loans	134,470	205,217	134,460	207,791
Short-term creditors	36,053	36,053	37,058	37,058
Total	**186,102**	**258,652**	**187,097**	**262,718**

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 2019) 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 £19.421m 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. An exit price fair value of £19.421m has also been calculated using an early repayment discount rate. The Council has no contractual obligation to pay these costs and would not incur any additional cost if the loans run to their planned maturity date.

	31 March 2018		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Fixed Term Investments	13,016	13,016	32,085	32,085
Cash and Cash Equivalents	42,450	42,450	33,229	33,229
Long-term debtors	9,822	9,822	21,507	29,256
Short-term debtors	13,400	13,400	17,019	17,019
Total	**78,688**	**78,688**	**103,842**	**111,590**

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 2019) 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 2019 Recurring fair value measurements using:	Other significant observable inputs (Level 2) £000
Financial liabilities Financial liabilities held at amortised cost:	
PWLB	15,482
Non-PWLB	132,891
Short term debt	263
PFI and finance lease liability	246,610
Total	**395,246**
Financial assets	
Financial assets held at amortised cost:	65,314
Other financial assets - Long Term	3,768
Total	**69,082**

31 March 2018 Recurring fair value measurements using:	Other significant observable inputs (Level 2) £000
Financial liabilities	
Financial liabilities held at amortised cost:	
PWLB	15,482
Non-PWLB	132,899
Short term debt	268
PFI and finance lease liability	256,116
Total	**404,765**
Financial assets	
Financial assets held at amortised cost:	55,466
Other financial assets - Long Term	2,183
Total	**57,649**

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.

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; and
- 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 2018/19 can be found on the Council's website.

The strategy also includes an Annual Investment Strategy for the forthcoming year, setting out it's 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 Poor's 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 2018/19 was approved by Council on 28 February 2018 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 £69.900m deposited with a number of financial institutions at 31 March 2019. 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 31 March 2019 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

We have assessed the Council's 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 2019 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	Balance at 31 March 2019	Historical Experience of Default	Estimated maximum exposure to default and uncollectability at 31 March 2019
					£000	%	£000
Deposits with Banks and Financial Institutions							
Police & Crime Com. Thames Valley	Yellow	AA	Aa2	AA	4,000	0.000%	-
Surrey Heath Borough Council	Yellow	AA	Aa2	AA	1,000	0.001%	-
Greater Manchester Combined Authority	Yellow	AA	Aa2	AA	2,500	0.002%	-
Goldman Sachs International Bank	Red	F1	P-1	A-1	3,000	0.004%	-
Aberdeenshire Council	Yellow	AA	Aa2	AA	5,000	0.004%	-
Isle of Wight Council	Yellow	AA	Aa2	AA	5,000	0.009%	-
West Dunbartonshire	Yellow	AA	Aa2	AA	3,000	0.009%	-
Thurrock Council	Yellow	AA	Aa2	AA	2,500	0.012%	-
Thurrock Council	Yellow	AA	Aa2	AA	2,500	0.012%	-
North Tyneside Council	Yellow	AA	Aa2	AA	5,000	0.013%	-
Bank of Scotland 95 Notice Ac	Orange	F1	P-1	A-1	2,500	0.014%	-
Santander UK Plc 95 Notice Ac	Red	F1	P-1	A-1	7,500	0.014%	1
Aberdeen Standard MMF*	Yellow	AAA	Aaa	AAA	10,900	0.000%	-
Federated (Primerate) MMF*	Yellow	AAA	Aaa	AAA	15,500	0.000%	-
Total					**69,900**		**1**

* 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 Council impairs its debts due according to the requirements of IFRS9, applying knowledge and experience of past debts. Having impaired the total debts due the remaining balance analysed by age is as follows:

	31 March 2018 £000	31 March 2019 £000
Less than 3 months	2,271	2,685
3 - 6 months	244	246
6 - 12 months	2,004	2,123
More than 12 months	3,735	3,709
	8,254	**8,763**

During the reporting period, the Council did not hold 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 2018 £000	31 March 2019 £000
Less than 1 Year	59,849	69,902
Between 1 and 2 years	-	628
Between 2 and 3 years	-	-
More than 3 years	78,253	92,133
	138,101	**162,663**

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 2018 £000	31 March 2019 £000
Less than 1 year	37,721	38,724
1 - 2 years	-	-
2 - 5 years	6,841	6,841
5 - 10 years	7,500	7,500
More than 10 years	133,242	133,242
	185,304	**186,307**

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 £44m of Lender Option Borrower Option loans (LOBOs) 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 44 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 the 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 2019, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

	2018/19 £000
Decrease in fair value of fixed rate investment assets	699
Impact on Other Comprehensive Income and Expenditure	699
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)	1,863

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 £71.253m in a number of joint ventures and in Local Authority companies and commercial organisations. 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 £56.469m 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 £2.823m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2018/19. The Council holds investment units within the CCLA Property Fund that have been classified as Fair Value through Profit and Loss, however the Council has chosen to use the 5 year override as allowed by CIPFA to allocate to Fair Value through Other Comprehensive Income, therefore any gains or losses on prices will also be taken to the Financial Instrument Revelation Reserve.

In 2018/19 the Council’s holding in Manchester Airport, was re-valued resulting in a gain of £0.800m that was recognised in the Financial Instruments Revaluation Reserve. A loss of £0.215m was also recognised in 2018/19 in relation to the holding in the CCLA Property Fund.

Foreign Exchange Risk

The Council does not have any 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 provision for bad and doubtful debts) are as follows:

	31 March 2018 £000	31 March 2019 £000
Central Government Bodies	9,212	9,239
Other Local Authorities	1,547	4,231
NHS Bodies	2,530	3,195
Capital Debtors	4,766	4,172
Other entities and individuals	20,081	21,922
Payments in Advance	5,047	4,818
Total	**43,183**	**47,577**

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

	31 March 2018 £000	31 March 2019 £000
Mortgages	6	6
Loans to Trusts, Community Interest Groups & Third Sector Organisations	908	688
Other Capital Loans & Advances	8,909	20,813
Total	**9,823**	**21,507**

23. Cash and Cash Equivalents

	31 March 2018 £000	31 March 2019 £000
Cash held by the Authority	118	116
Bank Current Accounts	47,877	41,847
Bank Overdraft	(5,545)	(8,734)
Total	**42,450**	**33,229**

24. Creditors

The Council's creditors are as follows:

	31 March 2018 £000	31 March 2019 £000
Central Government Bodies	(4,942)	(4,006)
Other Local Authorities	(2,411)	(712)
NHS Bodies	(503)	(969)
Capital Creditors	(2,171)	(3,101)
Other entities and individuals	(31,269)	(34,537)
Accumulated Absences	(5,029)	(4,399)
Receipts in Advance	(5,089)	(4,768)
Total	**(51,414)**	**(52,492)**

25. Provisions

	Short Term		
	Insurance Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2018	(4,305)	(12,745)	(17,050)
Additional provisions made in 2018/19	-	(870)	(870)
Amounts used in 2018/19	1,114	3,471	4,585
Balance at 31 March 2019	**(3,191)**	**(10,145)**	**(13,335)**

	Long Term			
	Insurance Provision £000	Pay and Reward Provision £000	Other Provisions £000	Total £000
Balance at 1 April 2018	(12,213)	(2,001)	(1,865)	(16,079)
Additional provisions made in 2018/19	-	-	(5,650)	(5,650)
Amounts used in 2018/19	3,863	-	1,950	5,813
Balance at 31 March 2019	**(8,350)**	**(2,001)**	**(5,565)**	**(15,916)**

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

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

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

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 2019.

1) Housing Market Renewal (HMR) - Equity Share Scheme

Under the HMR initiative, which ended on 31 March 2011, the Council was able to underwrite improvements to properties in defined neighbourhoods. A major part of this work was to provide sufficient equity release funding (either to renovate existing homes or to enable households to move to newly purchased accommodation). As at 31 March 2019, there remains £2.859m of loans outstanding.

In addition to the HMR funded equity share scheme, the Council has utilised part of the Regional Housing Capital Pot (RHCP) supported by its own capital resources to renovate existing owner occupied homes on the same equity basis. As at 31 March 2019, there remains £2.695m of loans outstanding.

As funding will eventually be repaid to the Council on resale of the properties from both initiatives and as the grants are now un-ringfenced, the receipt will be available to support the Council's capital programme.

2) Housing Stock Transfer

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

a) Right to Buy Sharing Agreement

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

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

b) VAT Shelter Arrangements

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

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

The estimated value of VAT shelter savings for the Council is circa £15.000m. The amount received in any given year by the Council will be dependent on the value of works undertaken by FCHO on which VAT can be reclaimed. The Council received VAT savings totalling £4.024m up to 31 March 2019 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 2019.

1) Manchester Airport Holdings Ltd (MAHL)

In 2009/10 there was a restructure of various loans used to finance capital expenditure that the Airport had agreed to reimburse the Council. As a consequence, the loans to the Airport that were previously secured became unsecured but a higher coupon rate became receivable. The loan agreement expires in 2055. No provision has been made in the balance sheet to cover the total potential losses to the Council from this agreement.

2) 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.

3) Saddleworth School Site Indemnity

As part of the funding agreement with the Education and Skills Funding Agency to fund a new site for Saddleworth School, the Council has undertaken to enter into an indemnity agreement with the Secretary of State (SoS) for Education. This allows the SoS to advance and develop the Priority Schools Building Programme at the site prior to the land transfer being completed. As at 31 March 2019 the land transfer has not been completed. 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 2018/19 was the fourteenth 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 contactor'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 2018/19 was the thirteenth 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 2018/19 was the eighth of a 25 year PFI contract for the management of 630 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 148 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 contactors’ outstanding debt attributable to the contracts. There have been no changes to the arrangements during the financial year.

Chadderton Wellbeing Centre

The financial year 2018/19 was the tenth 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 2018/19 was the eighth of a 25 year PFI joint contract, with Rochdale Council, for the replacement of approximately 23,000 street lights in Oldham in the first five years and the ongoing management and maintenance of the street lights over the life of the contract. The Council has rights under the contract to detail the specification of the street lights. The contract specifies minimum standards for the services to be supplied by the contractor, with deductions from the fee payable being made if performance is below the minimum standards. The contractor is obliged to replace and maintain the street lights over the life of the contract. The street lights will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractor's outstanding debt attributable to the contract.

Education Services PFI Schemes

Schools (Radclyffe and Failsworth)

The financial year 2018/19 was the twelfth 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 2018/19 was the seventh 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
2019/20	Repayment of Liability	481	2,714	2,409	141	792	2,240	974	**9,751**
	Interest	1,010	6,941	4,167	796	1,837	3,180	2,825	**20,756**
	Service Charges	1,716	5,543	2,078	221	1,732	2,969	1,424	**15,683**
	Total	**3,207**	**15,198**	**8,654**	**1,158**	**4,361**	**8,389**	**5,223**	**46,190**
2020/21 to 2023/24	Repayment of Liability	2,639	12,262	7,870	413	3,169	9,145	4,138	**39,636**
	Interest	3,545	26,331	14,585	3,216	6,441	10,892	10,315	**75,325**
	Service Charges	7,049	24,133	13,109	1,300	8,385	14,398	6,939	**75,313**
	Total	**13,233**	**62,726**	**35,564**	**4,929**	**17,995**	**34,435**	**21,392**	**190,274**
2024/25 to 2028/29	Repayment of Liability	5,227	17,300	11,530	438	2,530	13,537	7,627	**58,189**
	Interest	2,837	28,710	15,038	4,352	5,576	9,076	10,844	**76,433**
	Service Charges	9,457	36,936	20,205	2,096	15,681	22,584	9,497	**116,456**
	Total	**17,521**	**82,946**	**46,773**	**6,886**	**23,787**	**45,197**	**27,968**	**251,078**
2029/30 to 2033/34	Repayment of Liability	2,565	26,046	19,762	875	7,460	14,476	9,507	**80,691**
	Interest	759	23,750	12,429	4,999	5,441	2,746	6,477	**56,601**
	Service Charges	3,395	38,493	17,469	1,918	12,411	19,222	13,513	**106,421**
	Total	**6,719**	**88,289**	**49,660**	**7,792**	**25,312**	**36,444**	**29,497**	**243,712**
2034/35 to 2038/39	Repayment of Liability	0	19,009	14,473	1,331	5,339	0	9,027	**49,179**
	Interest	0	8,522	4,593	5,478	1,666	0	1,827	**22,086**
	Service Charges	0	18,753	8,746	2,007	4,952	0	10,300	**44,758**
	Total	**0**	**46,284**	**27,812**	**8,816**	**11,957**	**0**	**21,154**	**116,022**
2039/40 to 2040/41	Repayment of Liability	0	0	0	5,050	0	0	0	**5,050**
	Interest	0	0	0	637	0	0	0	**637**
	Service Charges	0	0	0	299	0	0	0	**299**
	Total	**0**	**0**	**0**	**5,986**	**0**	**0**	**0**	**5,986**
	Repayment of Liability- Total	**10,912**	**77,331**	**56,044**	**8,248**	**19,290**	**39,398**	**31,273**	**242,496**
	Interest- Total	**8,151**	**94,254**	**50,812**	**19,478**	**20,961**	**25,894**	**32,288**	**251,838**
	Service Charges- Total	**21,617**	**123,858**	**61,607**	**7,841**	**43,161**	**59,173**	**41,673**	**358,930**
	Grand total	**40,680**	**295,443**	**168,463**	**35,567**	**83,412**	**124,465**	**105,234**	**853,264**

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 2017 £000	Repayments £000	Liability 31 March 2018 £000	Repayments £000	Liability 31 March 2019 £000
Library and Lifelong Learning Centre	**11,871**	(492)	**11,379**	(467)	**10,912**
Sheltered Housing	**82,101**	(2,221)	**79,880**	(2,549)	**77,331**
Gateways to Oldham	**59,946**	(2,039)	**57,907**	(1,863)	**56,044**
Chadderton Wellbeing Centre	**8,467**	(112)	**8,355**	(106)	**8,248**
Street Lighting	**21,057**	(846)	**20,211**	(922)	**19,290**
Schools	**41,636**	(355)	**41,281**	(1,883)	**39,398**
Building Schools for the Future	**32,944**	(785)	**32,159**	(886)	**31,273**
Total	**258,023**	**(6,850)**	**251,173**	**(8,676)**	**242,496**

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 2017	13,685	39,053	20,614	9,932	24,457	62,735	23,263	**193,739**
Additions	-	-	-				-	**-**
Revaluations recognised in Revaluation Reserve	2,077	1,090	745	1,064	-	8,381	10,967	**24,324**
Revaluations recognised in Surplus/Deficit on Provision of Services	-	84	-	-	-	-	-	**84**
Derecognition- disposals	-	-	(68)	-	-	-	-	**(68)**
As at 31 March 2018	**15,762**	**40,227**	**21,291**	**10,996**	**24,457**	**71,116**	**34,230**	**218,079**
Accumulated Depreciation and Impairment								
As at 1 April 2017	-	3,271	1,173	-	1,737	-	1,531	**7,712**
Depreciation Charge	626	3,954	1,236	465	616	3,309	765	**10,972**
Depreciation Written out to Revaluation Reserve	(626)	(3,186)	(1,173)	(465)	-	(3,309)	(2,296)	**(11,056)**
Depreciation written out to the surplus/Deficit on the provision of services	-	(85)	-	-	-	-	-	**(85)**
As at 31 March 2018	**-**	**3,954**	**1,236**	**-**	**2,353**	**-**	**-**	**7,543**
Net Book Value at 31 March 2017	**13,685**	**35,782**	**19,441**	**9,932**	**22,720**	**62,735**	**21,732**	**186,027**
Net Book Value at 31 March 2018	**15,762**	**36,273**	**20,056**	**10,996**	**22,103**	**71,116**	**34,230**	**210,536**
Cost Or Valuation								
As at 31 March 2018	15,762	40,227	21,291	10,996	24,457	71,116	34,230	**218,079**
Additions	-	83	-	-	-	-	-	**83**
Revaluations recognised in Revaluation Reserve	(677)	282	172	(311)	-	1,188	(436)	**218**
Revaluations recognised in Surplus/Deficit on Provision of Services	-	10	-	-	-	-	-	**10**
Derecognition-disposals	-	-	(72)	-	-	-	-	**(72)**
As at 31 March 2019	15,085	40,602	21,391	10,685	24,457	72,304	33,794	**218,318**
Accumulated Depreciation & Impairment								
As at 31 March 2018	-	3,954	1,236	-	2,353	-	-	**7,543**
Depreciation Charge	777	2,818	1,368	565	616	4,075	1,341	**11,560**
Depreciation Written out to Revaluation Reserve	(777)	(3,893)	(1,232)	(565)	-	(4,075)	(1,341)	**(11,883)**
Depreciation written out to the surplus/Defecit on the provision of services	-	(61)	-	-	-	-	-	**(61)**
Derecognition -disposals	-	-	(4)	-	-	-	-	**(4)**
As at 31 March 2019	**-**	**2,818**	**1,368**	**-**	**2,969**	**-**	**-**	**7,155**
Net Book Value at 31 March 2018	**15,762**	**36,273**	**20,056**	**10,996**	**22,103**	**71,116**	**34,230**	**210,536**
Net Book Value at 31 March 2019	**15,085**	**37,784**	**20,023**	**10,685**	**21,488**	**72,304**	**33,794**	**211,163**

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 2018/19, the Council paid £7.152m (£7.684m in 2017/18) to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 15.47% (15.52% in 2017/18) 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:

	2017/18 £000	2018/19 £000
Service Cost		
Current service cost	(29,893)	(30,676)
Past service cost (including curtailments)	(327)	(353)
Total service cost	**(30,220)**	**(31,029)**
Financing and Investment Income and Expenditure		
Interest income on scheme assets	23,061	25,097
Interest cost on defined benefit obligation	(32,423)	(33,913)
Total net interest	**(9,362)**	**(8,816)**
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**(39,582)**	**(39,845)**
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	5,103	44,032
Actuarial (losses)/gains arising from changes in financial assumptions	23,184	(101,707)
Other experience and actuarial adjustments	694	(8)
Total remeasurements recognised in other comprehensive income	**28,981**	**(57,683)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(10,601)**	**(97,528)**
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	(5,055)	36,524
Employers' Contributions Payable to the Scheme	**(44,637)**	**(3,321)**

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:

	2017/18 £000	2018/19 £000
Fair value of plan assets	944,049	985,878
Present value of funded liabilities	(1,211,222)	(1,348,283)
Present value of unfunded liabilities	(45,407)	(44,514)
Net Liability Arising From Defined Benefit Obligation	**(312,580)**	**(406,919)**

Reconciliation of the Movements in Fair Value of Scheme Assets

	2017/18 £000	2018/19 £000
Opening fair value of scheme assets	900,979	944,049
Interest income	23,061	25,097
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	5,103	44,032
Contributions from the employer into the scheme	44,769	3,189
Contributions from employees into the scheme	5,084	5,116
Benefits paid	(34,947)	(35,605)
Closing Fair Value of Scheme Assets	**944,049**	**985,878**

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)

	2017/18 £000	2018/19 £000
Opening fair value of scheme liabilities	1,247,727	1,256,629
Current service cost	29,893	30,676
Interest cost	32,423	33,913
Contributions from scheme participants	5,084	5,116
Remeasurement gain		
Actuarial (gains)/losses arising from changes in financial assumptions	(23,184)	101,707
Other experience and actuarial adjustments	(694)	8
Past service cost	327	353
Benefits paid	(34,947)	(35,605)
Closing Fair Value of Scheme Liabilities	**1,256,629**	**1,392,797**

Pension Scheme Assets

	Period Ended 31 March 2018				Period Ended 31 March 2019			
	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	53,861	-	**53,861**	6%	54,454	-	**54,454**	6%
Manufacturing	64,614	-	**64,614**	7%	56,973	-	**56,973**	6%
Energy and Utilities	51,163	-	**51,163**	5%	55,402	-	**55,402**	6%
Financial Institutions	77,742	-	**77,742**	8%	78,023	-	**78,023**	8%
Health and Care	24,125	-	**24,125**	3%	29,112	-	**29,112**	3%
Information Technology	15,129	-	**15,129**	2%	17,601	-	**17,601**	2%
Other	9,233	-	**9,233**	1%	10,802	-	**10,802**	1%
Debt Securities								
Corporate Bonds (investment grade)	34,989	-	**34,989**	4%	36,876	-	**36,876**	4%
UK Government	8,179	-	**8,179**	1%	6,492	-	**6,492**	1%
Other	26,267	-	**26,267**	3%	25,005	-	**25,005**	3%
Private Equity								
All	-	31,587	**31,587**	3%	-	46,172	**46,172**	5%
Real Estate								
UK Property	-	32,317	**32,317**	3%	-	46,826	**46,826**	5%
Investment Funds and Unit Trusts								
Equities	255,416	-	**255,416**	27%	222,867	-	**222,867**	23%
Bonds	122,390	-	**122,390**	13%	122,634	-	**122,634**	12%
Infrastructure		24,440	**24,440**	3%		47,265	**47,265**	5%
Other	24,857	53,083	**77,940**	8%	19,212	85,038	**104,250**	11%
Derivatives								
Other	-	-	**-**	0%	500	-	**500**	0%
Cash and Cash Equivalents								
All	34,657		**34,657**	4%	24,625	-	**24,625**	2%
Totals	**802,622**	**141,427**	**944,049**	**100%**	**760,578**	**225,301**	**985,878**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

	2017/18	2018/19
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- men	21.5	21.5
- women	24.1	24.1
Longevity at 65 for future pensioners:		
- men	23.7	23.7
- women	26.2	26.2
Rate of inflation	2.40%	2.50%
Rate of increase in salaries	2.50%	2.60%
Rate of increase in pensions	2.40%	2.50%
Rate for discounting scheme liabilities	2.70%	2.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. 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 2017/18.

Change in Assumptions at 31 March 2019	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	10%	140,473
0.5% increase in the salary increase rate	1%	17,099
0.5% increase in the pension increase rate	9%	121,319

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The next triennial valuation will take effect from the 1 April 2020.

The scheme 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. The weighted average duration of the defined benefit obligation for scheme members is 17.4 years.

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

The upfront payment allowed the Council to generate corporate savings as result of a lower employer contribution rate than would have otherwise been calculated. This reduced employer contribution rate was achievable based on the fact that upfront funds received by the GMPF were immediately being used to generate investment returns. Based on the calculations supporting the upfront payment the Council anticipates "notional" contributions to the scheme in 2019/20 of £13.848m (£41.544 split equally across 3 years).

31. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:	**2017/18 £000**	**2018/19 £000**
Depreciation	33,267	34,990
Impairment and downward valuations	437	9,149
Amortisation	1,421	1,332
Increase/(decrease) in creditors	692	152
(Increase)/decrease in debtors	(5,511)	(5,583)
(Increase)/decrease in inventories	92	(86)
Movement in pension liability	(5,187)	36,656
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	12,686	28,809
Other non-cash items charged to the net surplus or deficit on the provision of services	3,798	(4,914)
	41,695	**100,505**
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	29,500
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,194)	(6,590)
Any other items for which the cash effects are investing or financing cash flows	(33,632)	(29,644)
	(42,826)	**(6,734)**
The cash flows for operating activities include the following items:		
Interest received	1,422	2,717
Interest paid	(28,661)	(28,192)
Dividends received	5,670	6,282
	(21,569)	**(19,193)**

32. Cash Flow Statement – Investing Activities

	2017/18 £000	2018/19 £000
Purchase of property, plant and equipment, investment property and intangible assets	(21,151)	(24,171)
Purchase of short-term and long-term investments	(52,500)	(50,085)
Other payments for investing activities	-	(11,382)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	11,274	6,067
Proceeds from short-term and long-term investments	49,000	-
Other receipts from investing activities	34,461	30,332
Net cash flows from investing activities	**21,084**	**(49,239)**

33. Cash Flow Statement – Financing Activities

	2017/18 £000	2018/19 £000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(7,150)	(8,950)
Repayments of short- and long-term borrowing	(984)	(1,012)
Other receipts/(payments) for financing activities	(5,069)	526
Net cash flows from financing activities	**(13,203)**	**(9,436)**

33a. Reconciliation of Liabilities arising from Financing Activities

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

34. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council’s transactions for the 2018/19 financial year and its position at the year end of 31 March 2019. 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 2018/19 (the Code) supported by International Financial Reporting Standards (IFRS).

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

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

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

1.2 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council has a £10,000 de minimis limit for the recognition of Capital Expenditure.

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- community assets, infrastructure assets and assets under construction – depreciated historical cost.

- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- surplus assets – fair value, determined by the measurement of the highest and best use value of the asset.
- all other operational assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included on the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.
Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer.
- infrastructure – straight-line allocation up to 40 years.

Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Component Accounting

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

Components are recognised in the financial year where:

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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. If the disposal relates to housing assets a proportion of the capital receipt is payable to the Government (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances). The balance of receipts is required to be credited to the Useable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Useable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

1.3 Heritage Assets

The Council's Heritage Assets are held by the Council principally for their contribution to knowledge and/or culture. They are recognised and measured, including treatment of revaluation gains and losses, in accordance with the Council's accounting policies on Property Plant and Equipment. However, some of the measurement rules are relaxed allowing the Council's Heritage Assets to be included on the Balance Sheet at their insured value where available. Where insurance valuations are not available there is a narrative disclosure.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a Heritage Asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

1.4 Investment Property

Investment properties are those assets that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. Gains and losses on revaluation are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Useable Capital Receipts Reserve.

1.5 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

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

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

1.6 Accounting for Schools

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

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

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

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

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

1.7 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.8 Capital Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in the approved Minimum Revenue Provision policy. Depreciation, revaluation and impairment losses, and amortisation are replaced by Minimum Revenue Provision (MRP). This adjusting transaction is included in the Movement in Reserves Statement with the Capital Adjustment Account charged with the difference between the two amounts.

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings held by the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant is received. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss

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

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section 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 People and Place Portfolio line (previously Economy, Skills and Neighbourhoods) in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year. The Health and Adult Social Care Community Services Portfolio line (previously Health and Wellbeing) 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 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 2018/19 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 2019/20 code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

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

Note 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 2017/18 – 2019/20, the Council has agreed with the Greater Manchester Pension Fund (GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment. Subsequently, on 13 April 2017 the Council paid £41.544m based on an estimated pensionable payroll of £72.000m per annum in order to make a budget saving. In line with the Council’s accounting policies the amount relating to 2017/18 has been accounted for in year, the amounts relating to 2018/19 and 2019/20 have been offset against the pension liability in the balance sheet. The pension reserve will be aligned with the pension liability in 2019/20 as the up-front payment arrangements are accounted for. 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	30	1	1	**32**
Voluntary Controlled (VC)	5	-	-	**5**
Voluntary Aided (VA)	28	1	-	**29**
Foundation/Foundation Trust	1	1	-	**2**
Maintained Schools	**64**	**3**	**1**	**68**
Academies	22	10	4	**36**
Total	**86**	**13**	**5**	**104**

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

The Council has entered into Private Finance Initiative (PFI) agreements to build and operate three schools in the Borough. One is a VA school, one is a Foundation Trust school and the remaining school is an Academy. Whilst the land which the buildings are sited on has been transferred to the respective Diocese, Trust and Academy, the ownership of the buildings is determined by who holds the balance of control in line with accounting standards. The Council considers the buildings associated with these schools should be included on its Balance Sheet because:

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

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

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

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria. There are two Foundation schools in the borough, for one school, the Governing Body has legal ownership of the land and buildings and thus 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 2018/19 and has identified two subsidiaries who are considered to be material and will be consolidated into its group accounts, they are MioCare Group 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 and up to 31 March 2018 the shareholding was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value was posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available-for-Sale Financial Instruments Reserve.

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

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

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

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

Debt Impairment

At 31 March 2019, the Council had a balance of short-term debtors of £83.371m. A review of significant balances suggested that an impairment of doubtful debts of £35.794m 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 2019. 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 2019 the Council's valuers advised of an increase of £0.800m in the fair value Council share from £51.900m to £52.700m 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 2018/19 the Council's actuaries advised that the net pension liability had increased by £94.339m to £406.919m.

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 £140.473m. A 0.5% increase in the assumed salary increase rate would result in a £17.099m increase in the pension liability and an increase of 0.5% in the assumed pension rate would increase the pension liability by £121.319m.

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 2018/19 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The provision estimate has been calculated using the latest Valuation Office (VAO) ratings list of ratings appeals and the analysis of successful appeals to date. The Council's share of the balance of business rate appeals provisions at 31 March 2019 was £7.296m.

Provisions

The Council has estimated its short term insurance provisions based on the value of claims settled in previous years. As at 31 March 2019 the balance of short term insurance provisions held amounted to £3.191m, a decrease of £1.114m from the previous year. Long term insurance provisions total £8.350m, a decrease of £3.863 from the previous year.

For future years, where it is difficult to provide a reliable estimate, contingent liabilities have been disclosed in addition to long term provisions.

38. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Finance on 25 June 2019. 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 2019, 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.

4.0 Supplementary Financial Statements and Explanatory Notes

4.1 Housing Revenue Account (HRA)

4.1.1 Housing Revenue Account Income and Expenditure Statement

HRA Income and Expenditure Statement	2017/18 £000	2018/19 £000
Expenditure		
Repairs and Maintenance	2,997	3,273
Supervision and Management	3,820	4,184
Rent, rates, taxes and other charges	2,759	3,040
Depreciation, impairment and revaluation losses of non-current assets	4,943	3,961
Debt management costs	145	145
Movement for the allowance of bad debts	30	71
Total Expenditure	**14,694**	**14,674**
Income		
Dwellings rents	(7,937)	(8,290)
Non-dwelling rents	(39)	(36)
Charges for services and facilities	(969)	(1,016)
Contributions towards expenditure	(315)	(138)
PFI Credits receivable	(18,799)	(18,799)
Total Income	**(28,059)**	**(28,279)**
Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement	**(13,365)**	**(13,605)**
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
Gain on sale of HRA non-current assets	(101)	(159)
Interest payable and similar charges	11,627	11,339
HRA Interest and investment income	(163)	(263)
Surplus for the year on HRA Services	**(2,002)**	**(2,688)**

4.1.2 Statement of Movement in the Housing Revenue Account

Movement on the HRA Statement	2017/18 £000	2018/19 £000
Opening Balance	(18,366)	(20,162)
Surplus for the year on the HRA Income and Expenditure Statement	(2,002)	(2,688)
Adjustments between accounting basis and funding basis under statute	207	1,545
Increase in the HRA Balance	(1,795)	(1,143)
Closing Balance	**(20,162)**	**(21,305)**

Note to Movement on the HRA Statement	2017/18 £000	2018/19 £000
Analysis of adjustments between accounting basis and funding basis under statute		
Depreciation, impairment and revaluation losses of non-current assets	(4,951)	(3,970)
Minimum Revenue Provision	4,260	4,413
Gain or loss on sale of HRA fixed assets	109	168
Capital Expenditure funded by the HRA	744	851
Transfer to Major Repairs Reserve	44	83
Net Adjustment	**207**	**1,545**

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 2018/19 for the production of its 2018/19 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from the guidance this is discussed below.

From 2017/18 the transitional arrangements which allowed for the reversal of the depreciation charge from the Housing Revenue Account (HRA) came to an end. The new Item 8 Determination issued by the Ministry of Housing, Communities and Local Government (formerly the Department for Communities and Local Government) on 24 January 2017 confirms that depreciation should be charged to the HRA in accordance with proper accounting practices. Therefore from 2017/18 a charge equal to depreciation should be made to the HRA and passed to the Major Repairs Reserve (MRR) for the purpose of future repairs and maintenance.

However, as all Council HRA dwellings are covered by Private Finance Initiative (PFI) contracts (until 2036), any future repairs and maintenance are already included within the unitary charge the Council pays on PFI schemes. The Council will therefore have no need to build up a 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 deprecation (without reversal) the HRA would quickly fall into deficit and build up a significant MRR that would not be required.

The financial impact of the accounting treatment prescribed by CIPFA is shown in the table below.

	Current 2018/19 Balance £000	Adjustment for new Item 8 Determination £000	Adjusted 2018/19 Balance £000
Housing Revenue Account	(21,305)	4,187	(17,118)
Major Repairs Reserve	(649)	(4,187)	(4,836)

Complying with the requirement would result in the HRA business plan and the HRA reserve having a negative balance after a number of years, which is not permitted.

The Council has continued 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 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.

4.1.3 Explanatory Notes to the Housing Revenue Account

H1. Housing Stock – Numbers

At 31 March 2019, the Council had a total housing stock of 2,062 dwellings (2,063 at 31 March 2018). This was made up of 1,228 Houses and Bungalows (1,229 at 31 March 2018), and 834 Flats and Maisonettes (there has been no change in the number of Flats and Maisonettes during 2018/19).

The balance sheet value of HRA assets was as follows:

	31 March 2018 £000	31 March 2019 £000
Dwellings	70,087	70,825
Other Operational Property	1,569	3,794
Operational Plant and Machinery	961	911
Total	**72,617**	**75,530**

The Vacant Possession Dwellings valuation is £166.595m as at 31 March 2019. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA shows the cost of providing social 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 2018	5,315
Depreciation written off during the year	(5,250)
Depreciation during the year	4,270
Balance at 31 March 2019	**4,335**

Impairment	Operational Assets £000
Balance at 1 April 2018	-
Impairment Reclassified as Revaluation Loss	(1,523)
Balance at 31 March 2019	**(1,523)**

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

4.2.1 Collection Fund Statement

2017/18 Total £000		2018/19 Council Tax £000	2018/19 Business Rates £000	2018/19 Total £000	Note
	Income				
(98,454)	Council Tax Payers	(104,355)		(104,355)	C2
(60,019)	Income from Business Ratepayers		(59,798)	(59,798)	C3
(158,473)		**(104,355)**	**(59,798)**	**(164,153)**	
	Expenditure				
	Precepts:				
82,731	- Oldham Council	87,216		87,216	
8,911	- Greater Manchester Police and Crime Commissioner	-		-	
3,292	- Greater Manchester Fire and Rescue Authority	-		-	
-	- GMCA Mayoral Police and Crime Commissioner	9,703		9,703	
-	- GMCA Mayoral General Precept (including Fire Services)	3,783		3,783	
	Release of Council Tax Surplus:				
-	- Oldham Council	-		-	
-	- GMCA Mayoral Police and Crime Commissioner	-		-	
-	- GMCA Mayoral General Precept (including Fire Services)	-		-	
	Business Rates:				
53,526	- Payments to Oldham Council		53,018	53,018	
541	- Greater Manchester Fire and Rescue Authority				
-	- GMCA Mayoral General Precept (including Fire Services)		536	536	
	Payments relating to Business Rates Deficit:				
-	- Payments from Oldham Council		-	-	
-	- GMCA Mayoral General Precept (including Fire Services)		-	-	
308	Cost of Collection	-	303	303	
3,214	Transitional Protection Payments Due for the Year	-	1,871	1,871	
2,828	Provision for bad and doubtful debt	1,682	164	1,845	
1,550	Write Offs	1,065	995	2,060	
(615)	Provision for appeals	-	305	305	
156,285		**103,448**	**57,192**	**160,640**	
(2,188)	**Deficit/(Surplus) for the year**	**(907)**	**(2,606)**	**(3,513)**	
	Collection Fund Balance				
1,554	Balance brought forward at 1 April	(1,976)	1,342	(634)	
(2,189)	Deficit/(Surplus) for the year	(907)	(2,606)	(3,513)	
(635)	**Balance carried forward at 31 March**	**(2,883)**	**(1,264)**	**(4,147)**	
	Allocated to:				
(1,708)	- Oldham Council	(2,437)	(1,252)	(3,689)	
-	- GMCA Mayoral Police and Crime Commissioner	(322)	-	(322)	
-	- GMCA Mayoral General Precept (including Fire Services)	(124)	(12)	(136)	
(190)	- Greater Manchester Police and Crime Commissioner	-	-	-	
(61)	- Greater Manchester Fire and Rescue Authority	-	-	-	
1,324	- Central Government	-	-	-	
(635)		**(2,883)**	**(1,264)**	**(4,147)**	

4.2.2 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 and Central Government. 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, the Council has taken part in the Greater Manchester 100% business rates retention pilot; therefore for 2018/19 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

In 2017/18 the preceptors were the Greater Manchester Police and Crime Commissioner and the Greater Manchester Fire are Rescue Authority and Central Government for Council Tax and Business Rates as appropriate.

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 2018/19 was 55,666 (54,905 in 2017/18). 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 2018/19 was approved at the Cabinet meeting on 18 December 2017 and was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	118	5/9	65
A	43,491	6/9	28,994
B	15,408	7/9	11,984
C	14,671	8/9	13,041
D	6,338	9/9	6,338
E	3,079	11/9	3,763
F	1,437	13/9	2,075
G	814	15/9	1,357
H	53	18/9	107
Net effect of premiums and discounts			(11,097)
Assumed tax base growth in year			761
Tax Base before adjustment for collection rate			57,388
Estimated collection rate			97.00%
Tax Base for the Calculation of Council Tax			**55,666**

Dwellings for residents entitled to 'disabled relief reduction' are reduced to the next lowest band for the calculation of Council Tax. As band 'A' is the lowest band, 'A reduced' has been introduced to give effect to this reduction for those who reside in Band A properties. Income received from Council Tax payers in 2018/19 was £104.355m (£98.454m 2017/18).

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 2018/19, the total non-domestic rateable value at 31 March 2019 is £157.670m (£158.183m in 2017/18). The national multipliers for 2018/19 were 48.0p for qualifying Small Businesses, and the standard multiplier being 49.3p for all other businesses (46.6p and 47.9p respectively in 2017/18).

5.0 Group Accounts

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 the Council 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.

The following statements consolidate the financial transactions of MioCare Group CIC and the Unity Partnership Ltd with the Council (as explained at 5.5).

5.1 Group Comprehensive Income and Expenditure Statement

Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,411	(1,019)	2,392	Chief Executive	3,277	(603)	2,674
80,899	(75,614)	5,285	Corporate and Commercial Services	72,626	(65,987)	6,639
-	-	-	People and Place	339,957	(217,528)	122,429
-	-	-	Health & Adult Social Care Community Services	99,970	(35,095)	64,875
-	-	-	Reform	41,705	(6,693)	35,012
3,681	(4,280)	(599)	Capital Treasury and Technical Accounting	2,992	(5,974)	(2,982)
6,087	-	6,087	Corporate and Democratic Core	6,677	-	6,677
14,693	(28,058)	(13,365)	Housing Revenue Account	14,626	(28,279)	(13,653)
555,755	**(357,200)**	**198,555**	**Cost of Services**	**581,830**	**(360,159)**	**221,671**
			Other Operating Expenditure			
		257	- Parish Council precepts			264
		56	- Payments to the Government housing capital receipts pool			8
		34,326	- Levies			33,045
		(1,947)	- (Gains)/losses on the disposal of non-current assets			224
		32,692	**Total Other Operating Expenditure**			**33,541**
		35,330	Financing and Investment Income and Expenditure			53,019
		(257,415)	Taxation and Non-Specific Grant Income			(256,122)
		9,163	**Deficit on Provision of Services**			**52,109**
		(239)	Tax expense of Subsidiaries			**125**
		8,924	**Group Deficit**			**52,234**
			Other Comprehensive Income and Expenditure			
		(76,774)	Revaluation (gains)/losses non-current assets			(20,971)
		906	Impairment losses on non-current assets			202
		(7,998)	Surplus or deficit on revaluation of available for sale financial assets			(1,241)
		(45,807)	Remeasurement of net defined benefit liability			59,799
		2,860	Deferred Tax relating to pension scheme			-
		(126,813)	**Total Other Comprehensive Income and Expenditure**			**37,788**
		(117,890)	**Total Comprehensive Income and Expenditure**			**90,023**

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 dwellings rent setting purposes.

Movement in reserves during 2018/19	General fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Subsidiary Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	(13,991)	(92,005)	**(105,996)**	(20,162)	(8,747)	(566)	(38,867)	**(174,338)**	**(618)**	**(174,956)**	**1,561**	**(173,395)**
Total Comprehensive Income and Expenditure	22,375	-	**22,375**	(2,688)	-	-	-	**19,688**	35,674	**55,361**	34,662	**90,023**
Adjustments Between Group Accounts and Authority Accounts	24,630	-	**24,630**	-	-	-	-	**24,630**	-	**24,630**	(22,293)	**2,337**
Adjustments Between Accounting Basis and Funding Basis under regulations	(49,408)	-	**(49,408)**	1,545	8,747	(83)	(4,122)	**(43,321)**	43,321	**-**	-	**-**
Net (Increase)/Decrease before transfers to Earmarked Reserves	**(2,403)**	**-**	**(2,403)**	**(1,143)**	**8,747**	**(83)**	**(4,122)**	**996**	**78,995**	**79,991**	**12,369**	**92,360**
Transfers To/(From) Earmarked Reserves	1,554	(1,554)	-	-	-	-	-	**-**	-	**-**	-	**-**
(Increase)/Decrease in year	**(849)**	**(1,554)**	**(2,403)**	**(1,143)**	**8,747**	**(83)**	**(4,122)**	**996**	**78,995**	**79,991**	**12,369**	**92,360**
Balance at 31 March	**(14,840)**	**(93,559)**	**(108,399)**	**(21,305)**	**-**	**(649)**	**(42,989)**	**(173,342)**	**78,376**	**(94,966)**	**13,930**	**(81,035)**

Movement in reserves during 2017/18	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 Subsidiary Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	(14,744)	(94,838)	**(109,582)**	(18,366)	(4,164)	(522)	(16,056)	**(148,690)**	78,244	**(70,446)**	14,506	**(55,940)**
Total Comprehensive Income and Expenditure	(2,094)	-	**(2,094)**	(2,002)	-	-	-	**7,904**	(112,847)	**(104,943)**	(12,945)	**(117,888)**
Adjustments Between Group Accounts and Authority Accounts	12,001	-	**12,001**	-	-	-	-	**12,001**	-	**-**	(12,001)	**-**
Adjustments Between Accounting Basis and Funding Basis under regulations	(6,321)	-	**(6,321)**	207	(4,583)	(44)	(22,811)	**(33,553)**	33,553	**-**	-	**-**
Net (Increase)/Decrease before transfers to Earmarked Reserves	**3,586**	**-**	**3,586**	**(1,795)**	**(4,583)**	**(44)**	**(22,811)**	**(25,649)**	**(79,294)**	**(104,943)**	**(12,945)**	**(117,888)**
Transfers To/(From) Earmarked Reserves	(2,833)	2,833	-	-	-	-	-	**-**	-	**-**	-	**-**
(Increase)/Decrease in year	**753**	**2,833**	**3,586**	**(1,795)**	**(4,583)**	**(44)**	**(22,811)**	**(25,649)**	**(79,294)**	**(104,943)**	**(12,945)**	**(117,888)**
Balance at 31 March	**(13,991)**	**(92,005)**	**(105,996)**	**(20,162)**	**(8,747)**	**(566)**	**(38,867)**	**(174,339)**	**(1,050)**	**(175,389)**	**1,561**	**(173,827)**

5.3 Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its two subsidiary as a whole. It shows the value of group assets and liabilities at the end of the financial year.

31 March 2018 £000		31 March 2019 £000
754,633	Property Plant and Equipment	727,699
19,783	Heritage Assets	19,939
15,749	Investment Property	17,945
4,136	Intangible Assets	3,784
68,642	Long Term Investments	69,753
9,822	Long Term Debtors	21,507
872,765	**Long Term Assets**	**860,628**
13,166	Short Term Investments	32,235
588	Inventories	674
43,559	Short Term Debtors	50,083
43,803	Cash and Cash Equivalents	35,291
7,785	Assets Held For Sale (Less than one year)	5,604
108,902	**Current Assets**	**123,887**
(1,668)	Short Term Borrowing	(1,666)
(52,308)	Short Term Creditors	(53,679)
(17,051)	Short Term Provisions	(13,335)
	Short Term Liabilities	
(8,970)	- Private Finance Initiatives	(9,751)
(247)	- Finance Leases	(219)
(1,009)	- Transferred Debt	(1,054)
(81,253)	**Current Liabilities**	**(79,704)**
(16,079)	Long Term Provisions	(15,916)
(148,381)	Long Term Borrowing	(148,373)
	Other Long Term Liabilities	
(314,978)	- Pension Liabilities	(422,768)
(242,203)	- Private Finance Initiatives	(232,747)
(304)	- Finance Leases	(507)
(3,383)	- Transferred Debt	(2,332)
(17)	- Deferred Credits	(17)
(1,242)	Capital Grants Receipts In Advance	(1,116)
(726,587)	**Long Term Liabilities**	**(823,776)**
173,827	**Net Assets**	**81,035**
(172,778)	Usable Reserves	(159,410)
(1,050)	Unusable Reserves	78,375
(173,827)	**Total Reserves**	**(81,035)**

5.4 Group Cash Flow Statement

The Group Cash Flow Statement summarises the cash flows of the Council and its subsidiaries during the year.

	2017/18 £000	2018/19 £000
Net surplus or (deficit) on the provision of services	(8,923)	(52,234)
Adjustment to surplus or deficit on the provision of services for non-cash movements	42,675	100,626
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(42,826)	(6,734)
Net cash flows from operating activities	**(9,074)**	**41,658**
Net Cash flows from Investing Activities	21,084	(44,033)
Net Cash flows from Financing Activities	(13,203)	(9,436)
Net increase or (decrease) in cash and cash equivalents	**(1,193)**	**(11,811)**
Cash and cash equivalents at the beginning of the reporting period	44,996	47,102
Cash and cash equivalents at the end of the reporting period	**43,803**	**35,291**

* Opening cash balances for 2018/19 include £3.299m of the cash and cash equivalents related to the Unity Partnership Ltd as detailed in note G4. Business Combinations.

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.

As MioCare do not have the same reporting date as the Council, year-end accounts to 31 December 2018 have been obtained and used for consolidation. To ensure these accounts are materially correct as at 31 March 2019 the Council has assessed whether there have been any material transactions between the subsidiary balance sheet date and the Council balance sheet date. If any such transactions are deemed to have occurred the subsidiary financial statements will be adjusted to reflect the changes before consolidation.

G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

Entity	Reason
Oldham Economic Development Association Ltd	Subsidiary although not material.
Southlink Developments Ltd	Subsidiary although not material.
Meridian Development Company Ltd	Minority interest and group share not material.
FO Developments LLP	Joint venture although not material.
Oldham Property LLP	Joint venture although not material.

Further details can be found in Note 13. 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 wholly owned by Oldham Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS) and MioCare Services Ltd. Unity delivers property, highways, transactional services, information and communication technology, and business services for the Council and other external bodies. Further details are provided in note G4. Business Combinations (the acquisition of The Unity Partnership Ltd).

The audited accounts for the year to 31 December 2018 for MioCare have been summarised below, with comparator figures for the previous reporting period.

MioCare Group CIC	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Net Assets	(1,007)	(1,561)
Deficit - before tax	(1,130)	(1,259)
Deficit - after tax	(947)	(1,020)

G4. Business Combinations (Acquisition of The Unity Partnership Ltd)

On 2 July 2018 the joint venture agreement between Oldham Council and the Kier Group ceased. The full ownership of Unity Partnership Limited ('Unity') transferred to Oldham Council as the Council acquired a further 66.67% of share capital bringing the Council's interest in the company to 100%. The primary reason for the acquisition was following a long term strategic review of the Council's partnership relationships to demonstrate the best way forward to ensure the long term sustainability of the partnership and deliver future transformational efficiencies.

The Council applied the requirements of IFRS3 Business Combinations in considering the Goodwill in the transaction. Goodwill was calculated based on the purchase price and the fair value of Unity Partnership's assets and liabilities at the date of acquisition less the fair value of the Council's existing 33.33% share of the company. The Council has considered whether the value of goodwill should be impaired in 2018/19 and has concluded that it was appropriate to fully impair the goodwill to a nil balance as at the Balance Sheet date.

Unity delivers property, highways, transactional services, information and communication technology, and business services. It is an ambitious and socially aware organisation which aims to support physical regeneration, create sustainable jobs, introduce effective technology, and provide exemplary services to all clients. The Company is committed to becoming the leading property, highways and business services provider in the North West, providing regeneration services across education, housing, leisure, transportation and public building sectors.

The fair value of consideration transferred on acquisition of Unity was £1.500m, comprising cash balances. As at the acquisition date the fair value of the equity interest held by the Council was £1.161m.

The following table shows the acquisition date values for each major class of assets and liabilities.

Class of asset/liability	Fair Value as at 2nd July 2018 £000
Non-current assets	61
Cash and cash equivalents	3,497
Debtors	1,824
Creditors	(1,897)
Total	**3,485**

In addition to the assets and liabilities detailed above, and as part of the Council's assessment of Unity's net assets a valuation of Unity's pension liability was requested from the Actuary, Hymans Robertson LLP. The pension liability as at 31 March 2018 (included in the Goodwill calculation above) was estimated to be £9.044m. This was consolidated into the Council's Group Accounts in order to give a true and fair view of the overall group financial position. The pension liability as at 31 March 2019 was £14.033m. Details of the total Group Defined Benefit Pension Liability can be found in Note G5.

The table below compares the amounts of revenue and profit/loss of Unity since 2 July 2018 (acquisition date) included in the consolidated comprehensive income and expenditure statement for the reporting period compared to amounts that would have been included if the acquisition had taken place at 1 April 2018.

The Unity Partnership unaudited accounts for the financial year ended 31 March 2019 have been used for consolidation into the Council's group accounts.

	Summary of Statement of Comprehensive Income for the year ended 31 March 2019 £000	Summary of Statement of Comprehensive Income Post-acquisition £000
Turnover	(21,670)	(16,201)
Total Expenditure	21,680	16,609
Interest	(16)	(16)
Net (Profit)/ Loss	**(6)**	**392**

G5. Group Defined Benefit Pension Schemes

Transactions Relating to Post-employment Benefits

The following transactions have been included 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.

	2017/18 £000	2018/19 £000
Service Cost		
Current service cost	(31,657)	(34,701)
Past service cost (including curtailments)	(368)	(326)
Total service cost	**(32,025)**	**(35,027)**
Financing and Investment Income and Expenditure		
Interest income on scheme assets	24,041	28,022
Interest cost on defined benefit obligation	(33,915)	(37,167)
Total net interest	**(9,874)**	**(9,145)**
Total Post Employment Benefits Charged to the Deficit on the Provision of Services	**(41,899)**	**(44,172)**
Remeasurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	14,398	44,402
Actuarial gains/(losses) arising from changes in financial assumptions	22,459	(104,193)
Other	8,950	(8)
Total remeasurements recognised in other comprehensive income	**45,807**	**(59,799)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**3,908**	**(103,971)**
Movement in Reserves Statement		
Reversal of net charges made to the deficit on the provision of services	3,763	36,524
Employers' Contributions Payable to the Scheme	**(38,136)**	**(7,648)**

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:

	2017/18 £000	2018/19 £000
Fair value of plan assets	989,855	1,101,651
Present value of funded liabilities	(1,259,426)	(1,479,905)
Present value of unfunded liabilities	(45,407)	(44,514)
Net Liability Arising From Defined Benefit Obligation	**(314,978)**	**(422,768)**

Reconciliation of the Movements in Fair Value of Scheme Assets

	2017/18 £000	2018/19 £000
Opening fair value of scheme assets	935,471	1,055,271
Interest income	24,041	28,022
Remeasurement loss		
Return on plan assets excluding amounts included in net interest	14,398	44,402
Contributions from employer	45,794	5,279
Contributions from employees into the scheme	5,407	5,744
Benefits paid	(35,256)	(37,067)
Closing Fair Value of Scheme Assets	**989,855**	**1,101,651**

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

	2017/18 £000	2018/19 £000
Opening fair value of scheme liabilities	1,300,151	1,379,293
Current service cost	31,657	34,701
Interest cost	33,915	37,167
Contributions from scheme participants	5,407	5,744
Remeasurement gain		
Actuarial losses arising from changes in financial assumptions	(22,201)	104,193
Other	(9,208)	8
Past service cost	368	380
Benefits paid	(35,256)	(37,067)
Closing Fair Value of Scheme Liabilities	**1,304,833**	**1,524,419**

Pension Scheme Assets

	31 March 2018	31 March 2019
Equities	614,018	649,472
Debt Instruments	199,154	209,282
Property	137,445	207,602
Cash	39,238	34,795
Derivatives	-	500
Total	**989,855**	**1,101,651**

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 its subsidiaries have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 December 2018 for MioCare and 31 March 2019 for Oldham Council and The Unity Partnership Ltd.

The significant assumptions used by the actuary have been:

MioCare Services CIC	2017	2018
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	21.5	21.5
women	24.1	24.1
Longevity at 65 for future pensioners:		
men	23.7	23.7
women	26.2	26.2
Rate of inflation	3.50%	3.40%
Rate of increase in salaries	3.20%	3.20%
Rate of increase in pensions	2.40%	2.40%
Rate for discounting scheme liabilities	2.50%	2.90%

The Unity Partnership Ltd	2017/18	2018/19
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	-	21.5
women	-	24.1
Longevity at 65 for future pensioners:		
men	-	23.7
women	-	26.2
Rate of inflation	-	3.50%
Rate of increase in salaries	-	3.30%
Rate of increase in pensions	-	2.50%
Rate for discounting scheme liabilities	-	2.40%

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

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2017.

MioCare Group CIC Change in Assumptions at 31 December 2018	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	12%	5,714
0.5% increase in the salary increase rate	3%	1,374
0.5% increase in the pension increase rate	9%	4,240

The Unity Partnership Change in Assumptions at 31 March 2019	Approximate % Increase to Employee Liability	Approximate Monetary Amount £000
0.5% decrease in real discount rate	12%	9,730
0.5% increase in the salary increase rate	2%	1,731
0.5% increase in the pension increase rate	9%	7,802

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.

6.0 Annual Governance Statement 2018/19

Scope of Responsibility

The Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and provides value for money. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

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

The Authority has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance which is publicised on the Council's website. The Annual Governance Statement sets out how the Authority has complied with the Code and also meets with regulation 4(2) of the Accounts and Audit Regulations 2015.

The Authority meets the requirements of Regulation 6 (1) b of the Accounts and Audit (England and Wales) Regulations 2015 in relation to the publication of a statement on internal control. It is subject to detailed review by the Audit Committee when they consider the final Statements of Account but before they approve the Statement of Accounts.

The Authority's financial management arrangements are consistent with a number of the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The key principles for which there is compliance are that the Chief Financial Officer (Director of Finance):

- is actively involved and is able to bring influence on the Authority's financial strategy;
- leads the whole Authority in the delivery of good financial management;
- directs a fit for purpose finance function; and
- is professionally qualified and suitably experienced.

In addition, the Statement requires that the Chief Finance Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others.

Oldham continues to demonstrate its move from siloed organisational structure to more integrated provision that focuses on achieving improved outcomes for people and places. As a result of this, a Joint Leadership Team has been established across the Council and NHS Oldham CCG. The Director of Finance (the Chief Finance Officer and designated Section 151 officer) is a standing member of this forum.

In addition, the Director of Finance is a member of and attends the meetings of the Senior Management Team which includes all Directors and is chaired by the Chief Executive. All

Statutory Officers report to the Chief Executive with regard to their statutory responsibilities and have 1:1 sessions as appropriate and as and when required. The Council considers that its management arrangements are appropriate in the context of compliance with the CIPFA Statement.

The issues identified as significant governance issues and the progress made by management throughout the future financial year 2019/20 to address these issues, will be reported regularly to the Audit Committee together with an assessment made in reducing the risk as part of its Governance role within the Council.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, values and behaviours, by which the Authority activities are directed and controlled, which it accounts to, engages with, and leads the community, citizens and service users. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. It also enables the Authority to demonstrate to the public that it has effective stewardship of the public funds is it entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically (i.e. so they deliver value for money – efficiently, effectively and economically).

The governance framework which has been in place at the Authority for the year ended 31 March 2019 has seen regular reports submitted to the Audit Committee on the progress made on issues identified in the previous Annual Governance Statement and identified any issues for consideration in this Statement. A further report has been produced to support the production of this Statement to assist sign off.

The Governance Framework

The Authority is a Metropolitan District which was set up in 1974, which was an amalgamation of the former County Borough of Oldham with the Chadderton, Crompton, Failsworth, Lees and Royton urban districts, the urban district of Lancashire and the Saddleworth Urban District of the West Riding of Yorkshire. Its strategic vision and Co-operative objectives including self-sustainability are set out in the Corporate Plan. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

The key message and values are:

Communicating the Authority's Vision

The Vision is set out in both the Oldham Plan and the Corporate Plan which are aligned to establish a clear link between; Local, Central Government and Greater Manchester priorities, including the devolution of health. It establishes the Council's priorities developed in partnership with key partners, the local community and core business of the Council. The Council endorsed this approach in July 2017. It is a collective action statement covering the period 2017/2022 and sets out the areas will add the most value as a partnership to achieve the ambition for Oldham to be a productive and co-operative place with healthy, aspirational and sustainable communities.

The Oldham Plan is based around the Oldham Model – three change platforms are enabled and complemented by public service reform and empowering communities. These are:

Inclusive Economy

The vision is for Oldham to become Greater Manchester's Inclusive Economy capital by making significant progress in living standards, wages and skills for everyone.

Thriving Communities

The vision is for people and communities to have the power to be healthy, happy and able to make positive choices and both offer and access insightful and responsive support when required.

Co-operative Services

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

Co-operative Council in a Co-operative Borough

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

The Corporate Plan sets out how everyone can do their bit to support service delivery of the ambitions and outcomes:

#our bit is what Oldham Council is doing or contributing to improve something.

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

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

The ethos of the Co-operative Council sets the framework for key Council strategies.

Like many other Local Authorities, Oldham Council has had to make significant budget reductions since the start of the Government's austerity programme. Arising from Government announcements and the Emergency Budget, introduced after the May 2010 General Election, up to and including the 2018/19 budget, £184m of budget reductions have been introduced. Further savings of £7.829m were agreed at the 2019/20 Budget Council meeting and there is a significant savings target over the financial years (2019/20 to 2023/24) covered by the current Medium Term Financial Strategy (MTFS).

It is clear that we cannot continue to deliver what we have always delivered, and a response to the financial challenge was required. The response chosen was to become a Co-operative Council, because it is believed that:

1. a co-operative approach offers the best opportunity to do things radically differently;

2. it offers a sustainable solution to the unprecedented challenges we face; and
3. it offers the best opportunity to make the most of the assets/strengths that lie in its communities.

This means that, whilst we continue to provide its statutory services and duties, we will continue to work more closely with all partners and stakeholders in Oldham to ensure that the services we deliver continue to; provide value for money, meet the specific needs of Oldham's communities, remove duplication and ensure we use our combined skills, resources and influence to improve the circumstances of every member of the Oldham community.

The ways in which the Council is doing this include:

- Developing and implementing an Ethical Framework and a Social Value Procurement Framework.
- 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.

Key elements of the Governance Framework

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

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

In order to ensure both its Members and Officers behave with integrity to lead its culture of acting in the public interest, there is appropriate training provided to safeguard all parties against conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. In order to enable third party challenge to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy which enables concerns to be raised in a confidential manner and dealt with in a proportionate manner. The Scrutiny process as detailed in the Constitution enables those who are not Cabinet Members to call in key decisions.

Members take the lead in establishing this culture by completing an annual register of their interests which is published on the Council's website. There is also a Standards Committee in place to consider allegations of inappropriate behaviour, which meets when required to discuss appropriate matters. Any matters for Investigation are assigned to an independent investigator and supported by reports, which are considered by the Committee. Staff behaviour is covered by the Officers' Code of Conduct, which places duties on Officers to declare their standing interests or interests relating to matters as they arise to their Head of Service. These declarations are maintained in an E-Register by the Director of Legal Services to the Council as Monitoring Officer.

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers.

In order to encourage the community to engage in more co-operative activities, Members in their role as Community Champions often in 2018/19, via their respective District Teams , network with key community groups and individuals to deliver local priorities. In order to demonstrate their achievements, each Councillor is encouraged to produce an annual report which is then published on the Council's website.

The Council's has a clear set of values and behaviours which are shared borough-wide with residents, partners and businesses. Internally these values and behaviours have been converted into five co-operative behaviours which outline the priority focus for staff at all levels. Living these values and behaviours has enabled real change to be delivered so that the Council can meet its vision of building a co-operative borough.

Staff are assisted in this aspect by the Corporate Personal Performance Framework which requires employees to demonstrate how performance supports the delivery of the corporate values of the Authority. The employer supported volunteering (ESV) programme helps Council employees to volunteer with organisations in Oldham. From using existing skills to taking on a new challenge, the scheme gives staff the time and support to volunteer to do their bit.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any significant commercial risks are identified and mitigated at the commissioning stage.

The policy ensures value for money and social value outputs are measured in an integrated way, in order to support the Council's co-operative agenda. In this way, the Council ensures it secures the greatest social, economic and environmental benefit from the Council's purchasing power.

Member and Officer Relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Cooperative Council and will be vital in making a reality of both service changes and more self-sufficiency from citizens. In July 2018 the “Big Green Survey” – Oldham's biggest ever environmental survey of residents – gave people a say on key green issues such as wildlife, parks, food growing, clean energy and air quality. Cabinet also approved a strategy to work towards becoming a single-use plastic free borough promoting the use of non-plastic recyclable alternatives.

The Authority has also demonstrated its support of sustainability by appropriate self-financing capital investment in renewable energy. It has supported the creation of an independent community interest company which is now operating in a sustained and independent manner. In 2018/19 approval was given to construct a new eco-centre at Alexandra Park with construction planned in 2019/20. There was a feasibility study agreed to develop the concept of Northern Roots a vision of an eco-friendly sustainable development consistent with the green aspirations of the Council.

The Chief Executive of Oldham Council is the Head of Paid Service and is supported by the Joint Leadership Team (JLT) and Senior Management Team (SMT). From the beginning of April 2018, the Council's Chief Executive became the Accountable Officer for the Clinical Commissioning Group in the Locality. The Executive Management structure is subject to regular review as the integration with the NHS develops in Oldham.

Cabinet portfolios are assigned on a functional basis rather than by directorate and subject to appropriate officer support. Shadow Cabinet Members also meet with support officers on a regular basis to ensure appropriate political scrutiny. As part of the budget process, opposition parties have the facility to prepare alternative proposals. For both 2018/19 and 2019/20 budgets, alternative proposals were presented and subject to Scrutiny before consideration at full Council.

The Director of Finance is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit Services are provided in-house, supported by a partnership with Salford Council for Computer Audit. The Internal Audit team achieved compliance with Public Sector Internal Audit Standards as evidenced by the Independent External Review of the service, undertaken in 2017/18. The Head of Corporate Governance (Oldham Council) has direct access to all members of JLT, 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 is currently underway, the outcome of which will be reported to a future meeting of the Audit Committee.

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. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation.

The Director of Legal Services is the Monitoring Officer and is responsible for ensuring the Authority acts in accordance with the Constitution. Senior Officers have the primary responsibility for ensuring decisions are properly made within a scheme of delegation at appropriate levels of responsibility. The Constitution contains codes of conduct and protocols for Members and Officers.

In order to have appropriate scrutiny of the Authority the Audit Committee has the capacity to appoint three Independent Members and recruitment of an Independent Chair is on-going. The Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework. The Standards Committee utilise independent investigators from outside the organisation to supplement in-house resources where appropriate to investigate any serious allegations into Member misconduct.

Principle B - Ensuring openness and comprehensive stakeholder engagement

The Authority, at the Council meeting in July 2017 agreed its long-term Corporate Plan which sets out the Authority's Co-operative vision and values, assimilating them 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, providing Leadership on Education, Skills and Apprenticeships across the conurbation.

Progress on delivering the Corporate Plan is communicated through a performance management framework. The Overview and Scrutiny Performance and Value for Money Select Committee (PVFM) receives quarterly reports on performance against the Corporate Plan in addition to matters referred to it by Cabinet. These quarterly reports focus by exception and set out corrective measures where key performance indicators have not been met.

The Overview and Scrutiny Board receives reports on specific matters and policy initiatives to be considered by future Cabinets, whilst overall scrutiny is provided by both the Audit and Standards Committees. With the greater integration between the Council and Health Services, the Health Scrutiny Sub Committee, which had been formed under the Overview and Scrutiny Board, was changed via agreement of Full Council on 22 May 2019. Therefore, going forward, into 2019/20 a separate Scrutiny Health Committee has been established.

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.

During 2018/19, the Council operated 7 District Teams, which had membership of both elected Members and co-opted local representatives. These District Teams worked to deliver local priorities are supported by dedicated resources which are spent locally.

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 who, in 2018/19 were members of the respective District Teams received regular training to support them discharge the role and bring challenge to Officers. This training programme was overseen by the Organisational Development Team.

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

Increasing recycling remained a key priority for the Authority in 2018/19. There were planned changes to the collection regime which began in 2016/17, which were underpinned and supported by a Communication and Engagement Plan with targeted investment. This has led to the increased recycling in earlier financial years providing a base for improvement in

2018/19. In recognition of the need for continual improvement it is planned to create a Task and Finish group to look at how further improvement may be achieved which will report to the PVFM in 2019/20.

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepare appropriate press releases to support the Co-operative vision of the Council. A user friendly and well-designed Oldham Council website ensures all citizens are aware of the co-operative vision, strategies, policies and initiatives available. This was redesigned in the 2018/19 financial year and ensures the communication medium with the Council and its residents remains up to-date.

To enable the public to highlight concerns in an appropriate manner the Authority and selected key contractors of high-profile services have complaints procedures which enables issues to be linked into future contract performance.

The Authority has spent its resources within the overall agreed budget for the financial year 2018/19. Consideration and approval by the Authority of its future budget for 2018/19 took place at its 28 February 2018 full Council meeting. Due to increasing cost pressures on Adult Social Care, the Council Tax recommendation resulted in a specific 2% increase to be implemented to finance expenditure in this area and a 1.99% Council Tax increase for other services.

The Council's Four Year Efficiency Plan, prepared to give certainty over the level of Central Government funding from 2016/17 to 2019/20, effectively planned for year on year reductions to budgets. This was initially agreed by Cabinet on 5 September 2016 and is now in the process of being delivered. This underpins the regular update of the Medium Term Financial Strategy of the Council to support the budget process. The financial resilience of the Authority is demonstrated by the level of reserves and balances the Council holds. 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 facilitates one off financial support to enable the transformation of both the Council and the Locality with implementation in a managed manner. It has enabled the improved pooling of resources with health service partners.

The overall financial strategy enabled Council Tax rises to be set at a level, which balance the needs of the Council with affordability to residents. It has also enabled the Council to manage continued pressures of demand around Children's Social Care within the 2018/19 Budget. The risk of further pressure in this area has been considered in the 2019/20 budget.

Appropriate consultation is 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 and 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.

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 2018/19 budget delivered within the agreed resource allocation supported this strategy as does the 2019/20 budget. The resources available to the Council are deployed to continue to improve performance and reflect the agreed Co-operative Council in a Co-operative Borough priorities of the Authority.

Risk management is integral to the governance arrangements in the Authority and the risk register and risk monitor report are considered by the Audit Committee and SMT. Regular updates on Corporate Governance are reported to the Audit Committee. In advance of each meeting of the Audit Committee there is 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 JLT or SMT.

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;
- a risk monitor report produced for the Senior Management Team;
- regular updates of the Annual Governance Statement produced for the Audit Committee;
- allocated responsibilities;
- systems for mitigating and controlling risks; and
- systems for monitoring and reviewing risks and controls assurance.

Controls Assurance is an important part of the process to assure the Authority that the identified risks are being properly controlled. This was carried out in 2018/19 at periodic intervals by:

- the Audit Committee;
- the Standards Committee;
- Deputy Chief Executives, the Strategic Director of Reform 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. From 2018/19 a new external auditor has been appointed; and
- appropriate Scrutiny arrangements to hold the Cabinet to account.

In 2018/19 the key reports produced by the Authority to support key decisions included appropriate risk comments.

The Constitution defines and documents the roles and responsibilities of Officers and Members with clear delegation arrangements, protocols for decision making and codes of conduct for Members and staff. It is supported by an extended Members' training package which was again delivered following the positive feedback from Members.

Member and Officer Relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Co-operative Borough and will be vital in making service changes to turn its ‘Co-operative’ vision into a reality, with its citizens more able to self-serve.

All changes to Service are supported by an Equality Impact Assessment. This results in alternative access arrangements being made where necessary, with information provided in multiple formats including on the website. This reflects the diverse nature of the Districts who make-up the Authority. This is demonstrated in the Council budget meeting with high risk budget proposals being supported by an Employment 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 2018/19 to take account of both the Co-operative Vision, continual challenging financial targets of the Authority, the integration of health and social care services and specific service challenges. This has meant a shift in certain areas of management responsibility during the year.

Decisions are based on rigorous and transparent scrutiny and an excellent relationship between Officers and Members based on mutual trust. That trust is maintained by openness and appropriate arrangements which ensure the involvement of all relevant Parties at the right level of responsibility ensuring all strategic decisions are led by Members.

The implementation of the agreed policies at officer level is overseen by members of the JLT. 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 set a budget for the financial year 2019/20 supported by an appropriate assessment of risk by the Director of Finance. All the expected risks to the Authority as at 27 February 2019 were considered in the budget report. The future savings required by the Council were also presented. An agreed Reserves Policy which is subject to regular review underpins the long-term financial resilience of the Council and supports 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 MTFS has been based upon this. The efficiency plan gave certainty of the main Government grant funding streams for the period 2016/17 to 2019/20. It highlighted a need to continue to identify efficiency savings.

As 2019/20 is the last year of this agreement with Government, a key issue for the Council is the uncertainty about funding for 2020/21, 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. The reserves and balances available to the Council are therefore important in the context of managing a period of potential financial turbulence.

Building on the Income Strategy and Commercial- Property Investment Strategy which was approved in 2017/18 and taken forward in 2018/19, a Corporate Property Strategy was approved on 20 August 2018. This is a key Strategy to ensure that the Council makes the most efficient and effective use of its property assets and can deliver approved budget reductions.

A Transformation Programme is in progress under the joint working arrangements with Health, which will generate more effective service delivery and future efficiencies.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System.

The Audit Committee is an essential part of good governance. It reviewed the control environment for all Directorates during 2018/19 and considered the progress made on issues highlighted in the Annual Governance Statement, including specific reports on certain issues. Internal and External Audit both have direct access to and support the Committee including the ability to have direct contact, without Officers of the Authority being present.

The detailed matters reviewed by the Audit Committee during 2018/19 were:

- Treasury Management matters including Council borrowing including investment and loans;
- Earmarked Reserves;
- future Internal and External Audit Work;
- the findings of both External and Internal Audit on control matters, including payroll;
- the final audit opinion on the 2016/17 accounts following the successful response to an objection to the Accounts;
- the 2017/18 Statement and Accounts and associated external audit findings;
- Independent review of Internal Audit detailing compliance with Public Sector Internal Audit Standards; and
- the Audit Charter.

The Council, in order to discharge its statutory function in relation to overviewing all health matters in the Borough, operates dedicated Scrutiny arrangements. In 2018/19, the Health Scrutiny Sub-Committee was in operation. This was formed under the Overview and Scrutiny Board and met throughout the year. The health scrutiny arrangements for 2019/20 are set out earlier in this Statement and involve the creation of a separate Scrutiny Committee. Partnership working in the Borough with the Council, Health Services and key partners is supported by the Health and Wellbeing Board which met on a number of occasions during 2018/19. 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 plans for devolution.

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

All Directors prepare Divisional Plans that contain key actions and performance targets necessary to deliver the co-operative objectives of the Council.

Independent service reviews are carried out under the performance management frameworks which results in formal quarterly reports to both the Cabinet and PVFM. Where performance is perceived to be below the corporate standards, specific reports are made to

PVFM or in the case of Educational attainment at schools, a special session is arranged to discuss issues including Academies.

Educational attainment in the Borough is acknowledged as a particular priority. The work of the Oldham Education and Skills Commission has led to improvements within the education system where schools, colleges and all interested parties work together in a new collaborative partnership. Through its robust approach on improvement we are seeing improved results, which is contributing to our overall vision of children and young people being School Ready, Work Ready and Life Ready.

Additional resources were agreed within the 2018/19 budget as funded growth to implement associated improvements identified by the 2017/18 Ofsted and Care Quality Commission Inspection of Special Education Needs and Disabilities service provision. The Council also launched the Voice of the Child initiative to improve the way we listen to and act upon the voice of all children and young people to better design future services.

Scrutiny of budget matters including those of the administration and opposition were, again, during 2018/19 carried out by Overview and Scrutiny Performance and Value for Money Select Committee. This ensures openness and transparency in the way in which Officers/Members engage and have ownership in the budget challenge process. The medium term financial strategy reflects the long-term view of the resources available to the Authority in the context of the best estimate of Government grants supported by the revenue it can generate itself. In order to improve its long-term financial sustainability, the Authority agreed once again for 2018/19, (and subsequently in 2019/20) to continue to be part of the Greater Manchester Business Rates Retention pilot scheme. Taking part in this pilot has enabled the ten Greater Manchester Authorities to test and shape the new financing regime for Local Government which will be based on the retention of business rates, whilst at the same time benefitting from funding gains offered to pilot Authorities. This is in addition to the benefits arising from business rates pooling which has been in operation for a number of financial years.

The Contract Procedure Rules within the Constitution alongside the Co-operative Values and Behaviours set out in the updated Corporate Plan set out the Authority requirements on social value.

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

To support the achievement of its strategic priorities, the Authority reviews the organisation annually to ensure it has the right people with the right skills. The Authority has an agreed People Strategy recognising that staff are the Council's greatest asset. This is supported within a performance framework covering all officers including an appraisal system with targeted, relevant training. The Human Resources Policy and Procedures are set out the appointment process which is transparent, and available to staff via the Council's intranet site. There are targeted programmes often utilising E-Learning within Organisational Development to support these policies such as ensuring appropriate consideration is given to the future capacity of the organisation. These training courses are aligned to the co-operative ambition and underpinned by the Council's co-operative values and behaviours.

There are regular team meetings, and one to ones (1:1s). The Authority implements the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Foundation Living Wage for its entire staff and is seeking to also achieve that through its contractual arrangements. It has a further ambition over a three-year period to implement the principles of the Living Wage Foundation in line with its Co-Operative Values.

A full training programme for both established and recently elected Members (the Local Leaders' Programme) continued to be delivered in 2018/19 to support the vision of a Co-operative Council. The content of the programme changes but the emphasis remains on all Members demonstrating community leadership. The planned programme is supported by ad hoc training for Members who have specific committee responsibilities. Individual Members produce information published on the website which outlines their role in the Authority and achievements.

The Authority, to ensure an independent review of its systems, operates an Internal Audit Service complying with best practice as set out by Public Sector Internal Audit Standards. The findings are reported to the Audit Committee which includes an annual opinion on the internal control environment. The overall opinion for 2018/19 is adequate, indicating a well-managed Council. The biggest risk identified from this work is detailed in the issues below. Given the degree of future change within the Authority the Internal Audit Service has also been commissioned to undertake assurance on key system changes around the financial ledger and adult social care.

Delegated decisions for all matters are publicly available on the internet. Certain key partners who provide essential Council Services are subject to independent oversight by the Overview and Scrutiny Performance and Value for Money Select Committee.

To support decision making, the Authority works with its Partners to maintain accurate and timely data to ensure decisions are based on a comprehensive understanding of financial costs and performance. Monthly data reported though the agreed partnership monitoring process is used to assess performance against the Cooperative objectives.

The Constitution is reviewed on an annual basis.

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 has been set out under Principle C. This ensures there is continuous monitoring and reporting of risk.

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

All statutory Officers receive the training and support to carry out their duties effectively and, as appropriate, participate in continuous professional development.

The Cabinet meets on a monthly basis at set times to consider key matters including those on performance and risk. Matters are published in the Key Decision Document to enable the public to be aware of future decisions. All reports include reference to the corporate objectives of the Council. In the event of an urgent item requiring a decision not published in the Key Decision Document, the agreement of the Chair of the Overview and Scrutiny Board must be obtained to exempt the decision from agreed scrutiny protocols.

In addition to the quarterly performance reports, there are quarterly financial reports submitted to Cabinet detailing estimated out-turn against the approved budget. A further report is prepared at month 8 to support the budget process for the forthcoming year. The 2017/18 month 8 budget monitoring report highlighted a specific financial challenge in Looked after Children which, although being offset in year by reductions in capital financing charges, required attention within the 2018/19 budget. As a consequence, the 2018/19 budget was prepared with £8.1m of additional resources allocated to support spending in Children's Social Care and manage this risk.

Spending on Children's Social Care continued to exceed the increased budgetary provision during 2018/19. This was highlighted in budget monitoring reports and this process informed an increased resource allocation of £4.6m for the budget for 2019/20.

During 2018/19, the use of reserves in accordance with the agreed Reserves Policy and careful financial management, has ensured that in year an overall underspend against the overall budget was achieved which will be used to increase balances and support the financial resilience of the Council. Overall there has been a small reduction in earmarked reserves under the direct control of the Council and the level remains appropriate to support the present budget strategy.

The annual budget is supported by the Director of Finance commenting upon its deliverability and is supported by an appropriate reserves policy. The final accounts, of which this Statement is an integral part, outline the out-turn of the Authority and are prepared in accordance with professional standards and are subject to external audit review.

In order to demonstrate robust internal control, the Authority has:

- a Risk Management Framework linked into the Authority Structure;
- an appropriate suite of Anti-Fraud and Corruption Policies;
- a balanced budget supported by appropriate reserves; and
- Audit and Standards Committees, which are supported by independent Members.

The Council undertook a survey of all its staff in 2016/17 to assess their views on the management of the organisation. The findings have been considered in the production of service plans and priorities from 2017/18 onwards. A further survey is planned for 2019/20.

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

The Authority is proactive in engaging with citizens and other key stakeholders, and indeed public consultations were instrumental in developing the co-operative vision. In 2018/19 £0.600m was invested in the Neighbourhoods Service to improve street cleansing and enforcement.

The Authority in 2018/19 was proactive in engaging and communicating with key stakeholders to boost and maintain public understanding of, and support for example, recycling as part of its revised waste collection arrangements. Another key area where the

Authority worked with its key stakeholders was its District Teams Executives. The dedicated budget which, in 2018/19, included earmarked capital and revenue resources to be spent on local priorities, which vary from District to District.

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

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

As part of the Transparency Agenda the Authority publishes Senior Officer Salaries over £50,000 and payments over £500 on its web site. As part of this process, improvements have been made to internal control procedures on procurement, which ensure Commissioning and Procurement is fair, transparent, ethical and based on the needs of the community and an understanding of the market place. The Authority is attentive to the need to meet wider social and economic objectives whilst achieving value for money (VfM). Consistent decisions are sustained through an e-procurement system (the Chest), supported by internal Policies and Procedures.

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement during 2017/18 to further support the Authority's preference for openness and transparency. This was approved for 2018/19 at Council as part of the budget process.

Apart from regular liaison with key Government bodies the Authority is also fully engaged with the Local Government Association (LGA), Greater Manchester Association of Municipal Treasurers and specialist region wide initiatives such as the Association of Greater Manchester Authorities (AGMA) Low Carbon Hub.

Internally there are well established and clear routes on how staff and their representatives are consulted and involved in decision making. These includes programmed staff surveys, regular staff briefings, internal briefings, and section meetings and staff appraisals.

During 2018/19 there was a handover of External Audit responsibilities from Grant Thornton (UK) LLP to Mazars LLP. Grant Thornton (UK) LLP undertook the audit of the 2017/18 accounts and finalised the work in relation to the objection to the 2016/17 accounts. However, utilising the contracts let by Public Sector Audit Appointments, the Grant Thornton (UK) LLP appointment ceased after 2017/18 and Mazars LLP became the appointed auditor for 2018/19 onwards for all external audit work other than two specific areas. The audit of the Housing Benefit subsidy claim and Teachers Pension Service Return are being audited via arrangements agreed as a collaborative procurement across all Greater Manchester Councils and is being undertaken by KPMG LLP.

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

Partnership Arrangements

The Authority currently delivers a wide range of services, which often involve working in partnership with others, many of which involve considerable levels of funding. The significant change in 2018/19 was the Council acquisition of the Unity Partnership Limited. During the run up to and subsequent to the acquisition, the Authority recognised the need to assist Unity in improving processing on key transactions. Since July 2018 and the acquisition, the process of transformation on a number of key services has been developed successfully.

The Council has another wholly owned Company MioCare to assist it to provide key Adult Social Care Services. This company has operated for a number of years since becoming operational on 1 December 2013.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This has been undertaken throughout the year and a report submitted to Executive Management Team highlighting the challenges. This has been incorporated into the production of this Statement of Accounts and issues for consideration in the Annual Governance Statement.

Risks on Significant Projects

The Authority has completed some significant projects, over the last 3 years, which were included in the capital programme. There remain, in the agreed financial strategy of the Council, complex projects which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. 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 2018/19 for consideration by Cabinet with appropriate comments by key officers to enable appropriate consideration of the issues including risks before a decision is made.

The issues on both partnership risk and project risk have been incorporated into this governance statement where necessary.

Review of Effectiveness

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

The Authority strategy and objectives are established and embedded through an annual refined Business Planning process, which also sets out the framework for the work programme focusing predominantly on achieving efficiencies and the transformation of services where the most significant savings may be made. This is developed in tandem with the Annual Budget Cycle, Efficiency Plan, and the Medium Term Financial Strategy (MTFS), underpinned by the Reserves Policy to evidence and support financial resilience.

An internal audit programme is undertaken, which in 2018/19 has focused on key items in the Audit Plan such as financial systems, systems assurance, grant audit and providing data for the National Fraud Initiative. This is reported to the Audit Committee in relation to the Governance, Treasury Management, Fundamental Financial systems and operational controls. Where specific matters were brought to the attention of Internal Audit these have been investigated in accordance with the Policies of the Council.

An external audit of the accounts year ending 31 March 2017 undertaken by Grant Thornton (UK) LLP was reported to the Audit Committee on 16 July 2018. The Auditor commented positively about the standard of the accounts and working paper were considered to be of high quality. This meeting approved the accounts within the statutory deadline. It is planned that the 2018/19 accounts will be presented for approval at the Audit Committee on 25 June 2019.

Significant Governance Issues

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

2018/19 Issues	**Planned Management Action to Address the Issue**
The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2018/19 as evidenced during the previous financial years. Issues identified in the 2018/19 internal audits need to be implemented on direct payments.	Added impetus will be given to strengthen the financial processes linked into the Mosaic system. 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.
The audit opinion of the internal control environment for the operation of payroll including pension's administration has improved from the previous rating of weak to inadequate as at 31 March 2019. Further improvements are required to both the internal control environment and efficiency of the service to reach a judgement of adequate.	There are to be two specific reports to be made by the payroll provider to the Audit Committee on the progress made to improve the service. This will be supported by a six monthly report to the Director of Finance on the progress made on emerging issues and any improvements identified throughout the year. The project to combine the two payroll systems currently used into one will be supported by assurance from both Finance and Internal Audit. The updates to the Audit Committee will include appropriate updates on the progress made. The Director of Finance considers the residual risks from past processing as part of the closure of accounts and during the monitoring arrangements for 2019/20.

2018/19 Issues	Planned Management Action to Address the Issue
The continued compliance with the National Transparency Agenda has increased the risk of the Council to a future fraud as information included in the public domain and obtained from Freedom of Information Requests is used to exploit the Council	There are regular reviews of the internal control mechanism to prevent third parties receiving inappropriate payments. The minimalist approach to publishing information which is a legislative requirement under the Transparency Agenda is maintained. The Council led Group on Information Governance takes organisational responsibility for the risk.
There has been a structural overspend on the revenue budget linked into Children's Social Care for the past two financial years despite additional funding been made available.	A management review is underway to identify future efficiencies. The Council has set a budget with appropriate resources for 2019/20 to enable the out-turn to be in line with agreed resources. Oversight of performance against budget for the service will be provided by the Overview and Scrutiny Performance and Value for Money Select Committee during 2019/20. The Director of Finance considers the residual risks arising from the potential future financial resilience as part of the closure of accounts and during the monitoring arrangements for 2019/20.
Dedicated Schools Grant is in a deficit position which requires assurance to be given to the Department for Education that it will be brought back to break over a three year timeframe.	The recovery plan agreed in 2018/19 has supported the reduction in the deficit. The actions identified to reduce the deficit will be continued during 2019/20 to negate the need to report to the Department of Education at the year-end. The Director of Finance considers the residual risks arising from the potential future financial resilience as part of the closure of accounts and during the monitoring arrangements for 2019/20.

2018/19 Risks	Planned Management Action to reduce Risks

2018/19 Risks	Planned Management Action to reduce Risks
There are future changes to the Council's financial framework (from the current certainty guaranteed by the efficiency plan) due to uncertainty on matters outside of the Council's control such as Brexit, a change of national government or devolution.	There are planned developments in 2019/20 to improve efficiency around: • Delivering further Transformation in the Authority via the Strategic Design Authority. • Continued integration with Health. • Collection of revenues due to the Council. • Finance available to support the capital programme. • Realising the value out of entities in which the Council has a financial interest. This is supported by: • Our Policy Team reviewing on-going updates of changes in terms of events. • An agreed Reserves Policy subject to regular review. • Joint working with key partners such as health to better align resources. The Director of Finance considers the risks as part of the closure of accounts and during the monitoring arrangements for 2019/20.
The Council has a number of key regeneration projects planned for the future. 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	The Capital Investment Programme Board receives bi monthly reports on the high value projects once construction is underway. 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. An annual review of the major Regeneration Projects will be undertaken by the Overview and Scrutiny Performance and Value for Money Select Committee. The Director of Finance considers the risks as part of the closure of accounts and during the monitoring arrangements for 2019/20.
The future reforms to Health Integration do not result in the efficiencies anticipated due to increased demand.	The risk is factored into the planning process for reforming Adult Social Care within the Oldham Locality which is moving on with the current re-alignment which will be expanded as more services are integrated. The Director of Finance considers the emerging risks arising from the transformation to-date as part of the closure of accounts and during the monitoring arrangements for 2019/20.

Summary

The Authority has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Authority's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continuously throughout the year.

Councillor Sean Fielding
Leader of Oldham Council

Dr Carolyn Wilkins OBE
Chief Executive Oldham Council and Accountable Officer Oldham Clinical Commissioning Group

7.0 Glossary of Terms

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

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

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

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

Appointed Auditors
From 1 April 2015 the appointment of External Auditors to Local Authorities has been undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. Grant Thornton UK LLP was the Council's appointed Auditor for 2017/18. Mazars LLP became the appointed auditor with effect from 1 April 2018.

Asset
Items of worth that are measurable in terms of value. Currents 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 of the Council in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to Local Government bodies and the Government.

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

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

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

Co-operative Council
This is the ethos of the Council embodied by the desire that citizens, partners and staff work together to improve the borough and create a confident and ambitious place.

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

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

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

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

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

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

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

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

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

Ministry of Housing, Communities and Local Government (MHCLG)
MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

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

Depreciated Replacement Cost (DRC)
A method of valuation that provides a proxy for the market value of specialist assets.

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

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

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

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

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

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

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

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

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

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

Greater Manchester Combined Authority (GMCA)
Created by the Local Government, Economic Development and Construction Act, the Greater Manchester Combined Authority (GMCA) assumed its powers and duties on 1 April 2011. It took over the functions previously the responsibility of the Greater Manchester Integrated Transport Authority (GMITA), which it replaced. It also took over responsibility for transport planning, traffic control and wide loads, assumed responsibility for the transportation resources allocated to the Greater Manchester region and regional economic development functions. From 1 April 2018 it took over responsibilities for activities previously

undertaken by the Greater Manchester Waste Disposal Authority,the Greater Manchester Fire and Rescue Service, and the Greater Manchester Police and Crime Commissioner.

Heritage Asset

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

Housing Benefit

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

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of social housing. Other services are charged to the General Fund.

Impairment

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

Infrastructure Assets

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

Intangible Assets

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

Interest Cost (Pensions)

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

International Financial Reporting Standard (IFRS)

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

Inventories

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

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

Investment Properties

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

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

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

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

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

Materiality
Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Medium Term Financial Strategy (MTFS)
This is a financial planning document that sets out the future year's 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.

Net Realisable Value (NRV)
NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Operating Lease
This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

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 2018/19 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 CIES.

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.