

# Oldham Council

**Draft Statement of Accounts  
2021/22**

## Contents

|     |  |     |
|-----|--|-----|
| 1.0 | Preface .....  | 3   |
| 1.1 | Introduction to the 2021/22 Statement of Accounts by Councillor Abdul Jabbar MBE,<br>Deputy Leader and Cabinet Member for Finance and Low Carbon ..... | 3   |
| 1.2 | Narrative Report.....  | 5   |
| 2.0 | Statements to the Accounts .....   | 54  |
| 2.1 | Statement of Responsibilities for the Statement of Accounts.....   | 54  |
| 2.2 | Auditors Report.....   | 55  |
| 3.1 | Comprehensive Income and Expenditure Statement (CIES) .....  | 57  |
| 3.2 | Movement in Reserves Statement .....   | 58  |
| 3.3 | Balance Sheet .....  | 60  |
| 3.4 | Cash Flow Statement.....   | 61  |
| 3.5 | Index of Explanatory Notes to the Accounts .....   | 62  |
| 3.6 | Explanatory Notes to the Financial Statements .....  | 63  |
| 4.1 | Housing Revenue Account (HRA).....   | 152 |
| 4.2 | Collection Fund.....   | 156 |
| 5.0 | Group Accounts.....  | 159 |
| 6.0 | Annual Governance Statement 2021/22 .....  | 172 |
| 7.0 | Glossary of Terms .....  | 197 |

## 1.0 Preface

### 1.1 Introduction to the 2021/22 Statement of Accounts by Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Low Carbon



#### Councillor Abdul Jabbar MBE

As Cabinet Member for Finance and Low Carbon, I would like to welcome you to the Oldham Council 2021/22 Statement of Accounts. The preparation of the Statement of Accounts provides the opportunity to reflect on the past financial year and report on the current financial and non-financial position of the Council.

The year beginning 1 April 2021 was in many ways challenging, following the prolonged impact of the COVID-19 pandemic. The pandemic was unprecedented both in terms of magnitude and the sheer breadth of the disruption to everyday life in the Borough. Whilst COVID-19 has not disappeared, I am pleased to say that some sense of normality is returning, and although it would have seemed unlikely a year ago, new issues are emerging and overtaking the pandemic both in terms of the media attention, public consciousness, and areas of immediate concern for Oldham residents, such as the current 'cost of living crisis' which has seen the cost of energy, fuel and food rise far in excess of rises in wage levels.

The Council as an entity is shaped by the changing needs of residents and the impact of the broader external environment. Events of the last two years in particular have had a significant impact on the Council itself, in terms of flexible working arrangements and the more customer focused approach which has been adopted. The pandemic has changed the world we operate in and its impact will continue to influence our lives for many years to come.

Understandably, much attention has been given to the challenges facing the Council and the Borough throughout 2021/22, however there are also reasons to celebrate. For example, during the year several projects directed towards the regeneration of the Borough have commenced. Works have begun on the old library site; the Alexandra Park depot and work is moving forward on the regeneration of the Town Centre and the Spindles and Town Square shopping centres, through the Council's Creating a Better Place programme. These schemes will improve the leisure, office and retail offering of the town benefitting the residents and businesses of Oldham now and in the future.

As Cabinet Member for Finance and Low Carbon I am particularly pleased with progress on Green Schemes through the capital programme, and in particular the Green Homes Grant (GHG) which will save households money; cut carbon emissions; and create green jobs. A Greater Manchester bid for Government funding was successful in late 2020/21 and during 2021/22 the Council, as lead Authority, has delivered the grants to private and social housing in Oldham and across Greater Manchester.

The impact of both the challenges and opportunities, on the Council and its financial position will be discussed in detail through the Statement of Accounts. However, I would like to highlight the work that the Council has undertaken during 2021/22 and continuing into 2022/23 to administer grants to support specific initiatives and individuals together with a range of Business Rate Relief and grant support to businesses. At the end of 2021/22, the Government provided over £14m of grant to enable the Council to issue in the early months of 2022/23, the £150 Council Tax Energy Rebate to residents to help alleviate the impact of the rising energy costs. At the time of writing, more than 50% of all such payments have been issued.

It is important to appreciate that many of the Council's underlying financial pressures have not reduced. Many of the services with significant adverse variances in 2021/22 continued the trend from previous years including the Adult Social Care and Children's Services portfolios, reflecting increasing demand for these services.

Despite this, I am pleased that we have ended the year with a robust financial position. This is important given that, as mentioned above, the full long-term impact of the pandemic is unknown and the recent challenges presented by the war in Ukraine with its broader implications along with the current 'cost of living crisis' are expected to have a significant impact on the Council's finances as well as the finances of the residents of the Borough. It is therefore essential that, we are prudent and ensure that the financial position of the Council continues to be managed effectively.

As always, I would like to conclude by recognising the hard work and dedication shown by the Finance and Internal Audit teams throughout the year. Along with colleagues across the Council they have worked diligently to support the provision of essential Council services. This is demonstrated by the overall outturn position not varying significantly from the in-year projections. I am confident the Council will continue to carefully manage its financial position in 2022/23 and future years as evidenced by the production of this set of accounts and the work undertaken to set the 2022/23 budget along with the support provided in delivering key Council objectives.



**Councillor Abdul Jabbar MBE**  
**Deputy Leader and Cabinet Member for Finance and Low Carbon**

## 1.2 Narrative Report

### Message from the Director of Finance – Anne Ryans



#### Anne Ryans

My role as the Director of Finance and Section 151 Officer is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. It is therefore essential to ensure that the Council is able to provide quality services to all the residents of Oldham and to continue to take forward the development and regeneration of the Borough. Given the events of the last two years, and more recently the turbulent national economic position, the challenges I have to address in fulfilling my role directly reflect the constantly changing local and national pressures to which the Council must respond.

The effects of the COVID-19 pandemic have been felt to varying degrees by every household, business, school, public sector and charitable organisation and although the most severe impacts of the pandemic have fortunately begun to reduce, the threat of a resurgence of a new variant cannot be discounted. However, the experience and lessons learned have ensured that the Council and the Finance Team are well prepared to respond to another emergency situation should it be required.

During 2021/22, Oldham Council continued to lead and support Oldham and Oldhamers through the various phases of the pandemic. The year started positively with Step 1 of the roadmap out of restrictions having been introduced in phases during March 2021. During April and May Steps 2 and 3 were introduced and finally on 19 July 2021, Step 4, which removed most legal limits on social contact and allowed the remaining closed sectors of the economy to open.

Towards the end of 2021, the Omicron variant forced the reintroduction of restrictions which were finally ended on 27 January 2022. Since then, the work of the Council and the lives of citizens have begun to return to a pre-pandemic normality.

In its wide ranging response to the pandemic in 2021/22 the Council continued both its local response reflecting local need, but also the delivery of Government initiatives such as the administration of:

- Business Rate Reliefs and the payment of grants to support businesses impacted by COVID-19
- Test and Trace support payments to provide financial assistance to those forced to self-isolate
- Grants to support the Adult Social Care sector

In total (as outlined later) the Council has administered £26.372m of grants to business, £8.807m of Business Rates Reliefs and including funding for schools, £27.354m of COVID-19 specific grant funding.

The Statement of Accounts gives an overview of the Council's finances for 2021/22, the second full financial year impacted by the global pandemic. The business as usual activities that were provided as well as COVID-19 specific actions are reflected in the accounts. However, despite all the disruption, I am pleased to report that we have improved upon our strong financial position, which demonstrates once again the excellent standard of financial management and stewardship of the Council's resources and will help to safeguard against the continuing effects of the COVID-19 pandemic.

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

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2021/22;
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Assurance that the financial position of the Council is sound and secure.

Although the deadline for the preparation of the 2021/22 accounts has remained as it was for both 2019/20 and 2020/21 (31 July), the Council has reverted to the pre-COVID deadline of 31 May. The Accounts were submitted to the External Auditor on 31 May 2022.

At the time of preparing the draft Statement of Accounts, the deadline for the completion of the audit of the accounts is 30 September 2022. However, a recent consultation exercise sought views on changing the audit deadline from 30 September to 30 November 2022. It is therefore likely but not yet confirmed that the date will be revised to November.

The Council will continue to follow best practice principles and submit the draft accounts to the Audit Committee to allow Members the opportunity to review them before they are asked to formally approve the Statement of Accounts. The review of the draft accounts will take place at the Audit Committee meeting on 21 June 2022.

I am proud to say that the Finance Team provides the Council with a high quality financial management service, giving financial advice and support on all major projects and initiatives in which the Council is engaged. In addition to the preparation of the Statement of Accounts, a key task is financial planning. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is essential to supporting the Council's financial resilience and long-term financial sustainability. Although the COVID-19 pandemic seems to be reducing in impact, it has created uncertainty. This, together with the continuing short-term nature of Government funding announcements, means it is more important than ever that the Finance Team has thorough understanding of the Council's financial outlook and can support Members and Officers in planning the effective use of available capital and revenue resources over the short, medium and long-term.

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

Work to revise the current MTFS took place through most of 2021/22. The updated MTFS, along with the balanced 2022/23 budget were presented for approval at the Council meeting on 2 March

2022. The MTFS report advised Members of the key financial challenges and issues which will be faced by the Council over the forecast period together with updated budget gap estimates for 2023/24 to 2026/27. The Council has moved from a three to a five year MTFS to align with the Capital Strategy and Capital Programme and to facilitate a longer financial and operational planning period given the major Government reforms that are to be implemented over the next few years.

The Oldham Finance Team has consistently delivered the Council's Statement of Accounts to a high standard, as acknowledged by our External Auditor in previous years. This is only possible because of the hard work and dedication of the Finance Team.

The last year has once again been challenging moving through the various phases of COVID-19 restrictions and having to put financial systems in place to manage a range of COVID-19 related initiatives. However, the team ethos has remained strong, and the excellent processes that are embedded within our working practices provide a strong foundation from which we can take on new challenges and continue to produce the high quality accounts included here.

The following Narrative Report is an important part of the accounts and provides information about Oldham, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31 March 2022.

DRAFT

## Introduction to the Narrative Statement

As has been outlined in the Preface to the Accounts and the Message from the Director of Finance, the financial year 2021/22 has been another challenging period as the Borough continued to deal with the impacts of COVID-19 and its variants. Along with the rest of the country and indeed the world, Oldham Council has had to respond to the very different environment of providing existing and new services in the midst of restrictions imposed to control the spread of the pandemic. From the start of the first national lockdown on 24 March 2020, through to the lifting of restrictions in January 2022, COVID-19 has influenced every aspect of the work of the Council. Challenging though it has been, the Council has responded well, delivering a wide range of initiatives and continuing to deliver business as usual services, adapting provision to align to the circumstances.

This Narrative Statement will cover the 2021/22 impact of COVID-19 and key financial issues in more detail in the following sections but will firstly present key information about the Council to provide background context to key issues highlighted in the accounts.

## An Introduction to Oldham

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

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

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

Oldham is the sixth largest Local Authority in Greater Manchester (GM) with a population of circa 237,628 (Office for National Statistics (ONS) Mid-Year Estimates 2020). Its population is projected to reach 263,240 by 2043 (ONS 2018-based projection). The population is very diverse with around 100 languages spoken and many different cultures coming together in one Borough. Council service provision will need to anticipate and adapt to both the projected growth and the changing age profile of the population of the Borough, and this will be reflected within the financial planning process.



## Key Information about Oldham Council Governance

Oldham Council is a multifunctional and complex organisation. Its policies are directed by the Political Leadership and implemented by officers of the Council under the leadership of the Chief Executive. 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 the policies are implemented and managed.

### **Political Structure in the 2021/22 Municipal Year**

The Council is made up of 60 Councillors from 20 wards across the Borough. A local election took place on 6 May 2021. As a consequence the political make-up of the Council for the majority of 2021/22 was:

|                              |                |
|------------------------------|----------------|
| Labour Party                 | 40 Councillors |
| Liberal Democrat Party       | 8 Councillors  |
| Conservative Party           | 8 Councillors  |
| Failsworth Independent Party | 3 Councillors  |
| Independent                  | 1 Councillor   |

On 15 March 2022, a Conservative Party Councillor resigned which reduced the Conservative Party membership to 7 and left one vacancy.

The Labour Party controlled the Council during 2021/22, continuing with the driving ethos of a Co-operative Council, although it had a reduced majority (holding 40 seats compared to 44 at the end of 2020/21). There was however a change of Leader with effect from 19 May 2021 when Councillor Arooj Shah assumed the role previously held by Councillor Sean Fielding.

Following the Local Elections on 5 May 2022, the Labour Party retained control of the Council but with a reduced majority (now holding 35 seats). This was followed, on 25 May 2022 by a change of Leader with Councillor Amanda Chadderton assuming the role previously occupied by Councillor Arooj Shah. The new Leader has committed to deliver priorities across three key areas:

- Continuing Oldham's drive to be a resident-focused Council;
- Ensuring plans for regeneration and housing continue at pace; and
- Working for our children and young people by affording them the very best opportunities.

The Council has adopted the 'Strong' Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. During 2021/22, the Leader of the Council had responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

During 2021/22, the Cabinet was comprised of nine Councillors. It exercised its responsibility for strategic decision making, implementing agreed policies, providing political leadership and recommending proposals for approval by full Council on the budget, Council Tax levels and the Council's policy framework.

The Cabinet Portfolio areas were broadly aligned to the Council's key service Directorates, enabling the joint sharing of priorities. There continued to be a good working relationship between officers and elected Members with Cabinet Members regularly meeting with their respective Senior Officer leads to monitor the progress of business plans, consider key service developments and improvements, and address any areas of concern.

Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny of executive decisions for 2021/22 was revised from that prevailing in 2020/21 and was undertaken by either the:

- Policy Overview and Scrutiny Committee;
- Performance Overview and Scrutiny Committee; or the
- Health Scrutiny Committee.

The setting of a balanced budget for 2021/22 was subject to detailed review under the scrutiny arrangements prevailing in 2020/21 and conducted by the Overview and Scrutiny Performance and Value for Money Select Committee. The 2022/23 budget was reviewed during 2021/22 by the Policy Overview and Scrutiny Committee.

The Oldham Council 2021/22 Cabinet structure is shown on the following diagram:



### **Economic and Social Reform**

City region  
Economic Recovery  
Community Wealth Building  
Reducing Inequalities  
Tackling Poverty  
Transport  
Community and Business  
Engagment  
Communications  
External Relationships and  
Partnerships  
Community Cohesion  
Borough Strategy

### **Education and Skills**

COVID-19 recovery for  
Education and Skills  
Education and Skills  
Education Alliance  
School Place Planning  
Looked After Children -  
educational performance  
Work and Skills Strategy  
Lifelong Learning  
Apprenticeships  
Libraries, Heritage and Arts  
(Cultural Strategy)

### **Neighbourhoods**

Highways  
Trading Standards and  
Licensing  
Registrars and Cemeteries  
Environmental Services  
Waste and Recycling  
Parks and Countryside  
Justice and Community  
Safety  
Emergency Planning  
District Working

### **Finance and Low Carbon**

COVID-19 recovery for  
Finance and Low Carbon  
Finance  
Capital projects and  
investments  
ICT and Transactional  
Services  
Revenues and Benefits  
Energy  
Green New Deal  
Unity Partnership  
Corporate Property and  
Assets  
Clean Air

### **Children and Young People**

COVID-19 recovery for  
Children and Young People  
Child Safeguarding  
Children's Partnership  
Adoption and Fostering  
Children Looked After  
Children's Health and  
wellbeing  
Youth Service  
Early Years  
Early Help

### **Health and Social Care**

COVID-19 recovery for Health  
and Wellbeing  
Adult Social Services  
Adult Safeguarding  
Provider Services  
Disability Services and  
Adaptations  
Family Support  
Integrated Care System  
Development  
Health Improvement  
Mental Health and Wellbeing  
Isolation  
Leisure (incl. OCL)  
Sports and Sport  
Development

### **Corporate Services**

COVID-19 recovery for  
Corporate Services  
Workforce and  
Organisational Redesign  
Transformation  
Digital  
Customer Services  
Performance  
Legal Services

### **Housing**

COVID-19 recovery for Housing  
Strategic Housing  
Housing Quality and  
Enforcement  
Planning and Building Control  
Homelessness  
Landlord Licensing

### **Employment and Enterprise**

Employment  
Get Oldham Working  
Employability  
Business Support  
Markets  
Supporting VCSFE sector  
Social Infrastructure

## Management Structure of the Council

Supporting the work of Councillors is the organisational structure of the Council headed by the Chief Executive. At the end of July 2021, it was confirmed that the Oldham Council Chief Executive and Accountable Officer for NHS Oldham Clinical Commissioning Group (CCG), Dr Carolyn Wilkins OBE, would be leaving the Authority. At the Council meeting of 25 August 2021, Harry Catherall was appointed as Interim Chief Executive from 26 August 2021.

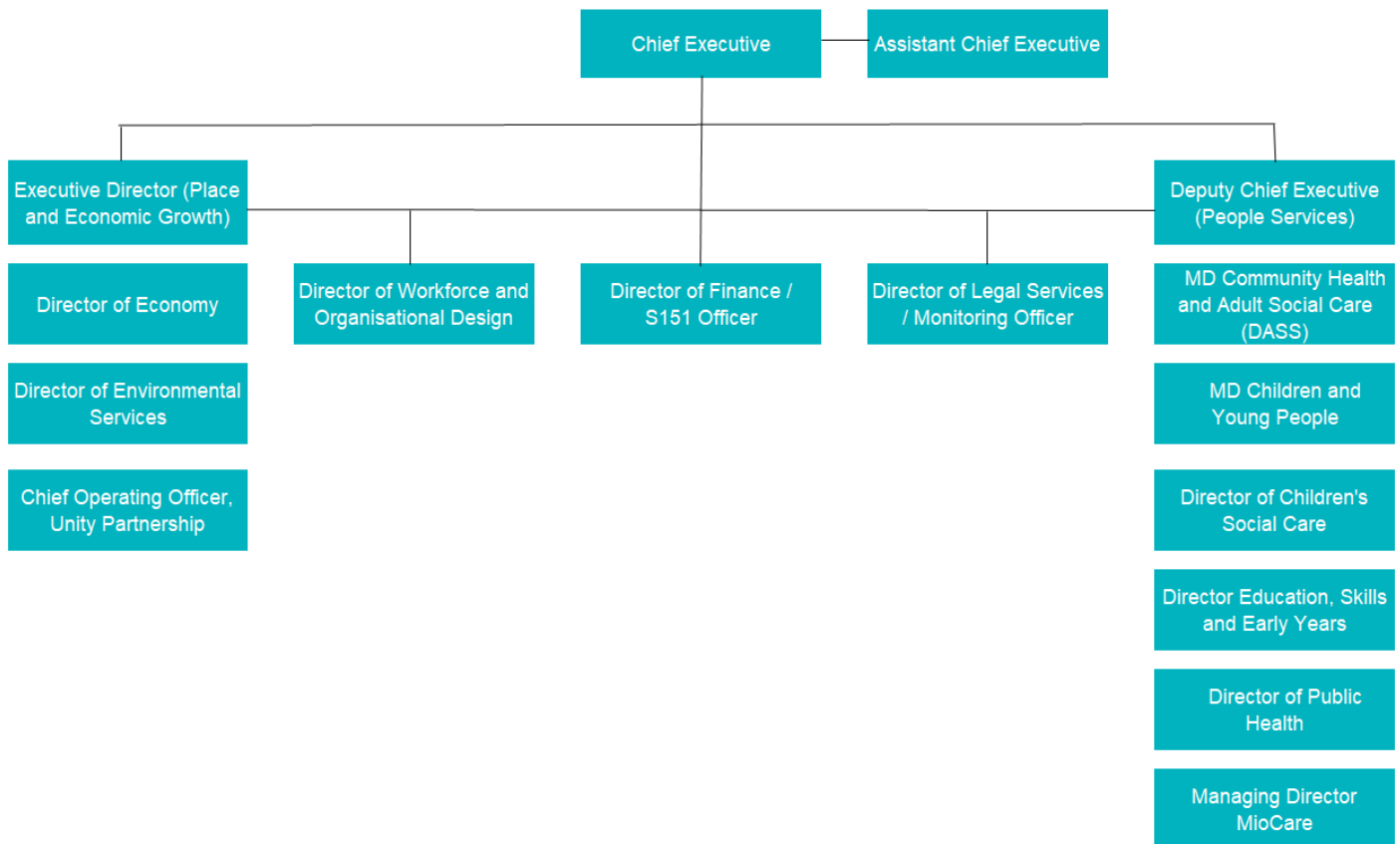
On 16 March 2022, Council approved the appointment of Harry Catherall as Oldham Council Chief Executive for a fixed term period of three years from 1 April 2022.

Until the appointment of a new Chief Executive, the management arrangements were those prevailing in 2020/21. The Chief Executive led an Executive Management Team (EMT). EMT and the Senior Management Team (SMT), which was comprised of Service Directors, was integrated into a single management meeting chaired by the Chief Executive. The Director of Finance attended SMT meetings in her role as the Council's Chief Financial Officer, the officer responsible under statute for the administration of the Council's financial affairs. Similarly, other statutory officers including the Director of Public Health and the Director of Legal Services (Monitoring Officer) also attended SMT together with the Chief Officers of both the Council's wholly owned companies, the Unity Partnership Ltd. and MioCare Community Interest Company (CIC).

Operating as Oldham Cares, the management and reporting structure of both the Council and the CCG were integrated to create a Joint Leadership Team (JLT) which met on a weekly basis. JLT was comprised of members of EMT plus the Director of Finance and senior officers and officials of the CCG. JLT reported through to the Commissioning Partnership Board (CPB). In addition to the Chief Executive, aligned to the Oldham Cares model, the senior team also had other joint appointments across health partners.

With the appointment of a new Chief Executive from 26 August 2021, the management structure of the Council was revised with changes to reporting lines and a number of appointments were made through the latter part of the financial year. From his appointment, the Chief Executive led the management of the Council via a Management Board comprised of all senior officers at Director level and above. The structure is shown in the table below and was that prevailing at the end of the financial year 2021/22.

## Management Structure – March 2022



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

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

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

Note: The following positions are statutory roles within the management structure:

- Chief Executive
- Managing Director Community Health and Adult Social Care (Director of Adult Social Services)
- Managing Director Children and Young People (Director of Children's Services)
- Director of Finance (Section 151 Officer)
- Director of Legal Services (Monitoring Officer)
- Director of Public Health
- Director of Education, Skills and Early Years (Chief Education Officer)

## Council Employees

At the start of April 2021, the Council employed 2,531 people (excluding school-based employees). By the end of March 2022 this had decreased by 3.75% to 2,436. From 1 April 2022, the workforce of the Council increased with the transfer of staff from the Unity Partnership Ltd and Bridgewater Community Healthcare NHS Foundation Trust under Transfer of Undertaking (Protection of Employment) (TUPE) regulations. See later sections for more information.

The Council continues to deliver its refreshed Workforce Strategy (2020-2023) 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;
- the development and redesign of the Council's operating model to best meet the needs of Oldham residents; and
- building organisational capability through real co-operative partnerships with other employers and community members alike.

## Co-operative Council in a Co-operative Borough

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

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

## Co-operative Values and Behaviours



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

that has driven the reform, integration and shared economic agenda both in Oldham and within Greater Manchester.

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

### **The Oldham Plan**

The Oldham Plan 2017-2022 is a collective action statement explaining how the Council and partners can all best serve Oldham by helping its people, districts and businesses to thrive. This involves recognising shared challenges and agreeing mutual ambitions with all partners working together to identify what each can contribute to obtaining better results. In this way it means that everyone does their bit and everyone benefits.

The preparation of a new Oldham Plan was delayed due to the COVID-19 pandemic; however, it is being updated and will be presented for approval in alignment with the Corporate Plan in July 2022 (see below), building on the priorities identified in the Council's COVID-19 Recovery Strategy. It will then be formally adopted by the Oldham Partnership. Combined with the Corporate Plan, it will set the course for the Council, and help to set out key priorities and guiding principles for the years ahead.

The Oldham delivery model is based around three fundamental platforms which work together to deliver the ambitions of the Oldham Plan. These are:

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

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

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



### **The COVID-19 Recovery Strategy / Refreshed Corporate Plan**

Oldham Council's Corporate Plan 2017-20 was replaced by an 18-month COVID-19 Recovery Strategy which was formally approved at the Council meeting of 14 July 2021. The aim of the Strategy was to reflect the challenges faced by the pandemic. Updates on delivering the COVID-19 Recovery Strategy were presented to Council meetings throughout the rest of 2021/22. The production of a new Corporate Plan is currently being finalised, with publication and approval expected in July 2022.



## Oldham Council and the Impact of COVID-19

The financial year 2021/22 saw a continuation of the unprecedented global pandemic and the many challenges it brought. The Council had to adapt to evolving events as the country moved through its roadmap of recovery and the full lifting of restrictions. It required flexibility and adaptability to respond to ever changing national and local circumstances. The response to COVID-19 continued to be at the forefront of all Council activities for the whole of the financial year with particular pressure on Adult Social Care services.

The Council received additional unringfenced COVID-19 funding (£7.737m) which was used to support the additional costs incurred by services during 2021/22 that were not business as usual activities. This funding has not been continued into 2022/23. As in 2020/21, the Council also received additional unringfenced funding (£0.351m) to offset the loss of sales, fees and charges income due to COVID-19. However, unlike the previous financial year where compensation was received for the whole year, for 2021/22, this funding only offset losses incurred during the period April to June 2021.

Recognising the impact of COVID-19 would not cease on 31 March 2022, the Council's 2022/23 budget was approved with an allocation of resources specifically to compensate for the loss of the unringfenced grant and address residual pressures. However, services are required to adapt to incorporate the long-term impacts of the pandemic into business as usual.

The Council continued to work closely with Head Teachers to manage the practical issues of re-opening schools to the wider schools' family whilst also ensuring the following of Government guidance to ensure a safe working and learning environment. Building on the experience of 2020/21, good working relationships were maintained with schools but of key importance was the balancing of the health and wellbeing of the children, school staff and the wider community with the need to continue to provide education and learning opportunities.

COVID-19 has had a widespread impact on the workforce of the Council and the way in which the Council has delivered services. By utilising new technology, the Council has supported office based staff to work seamlessly from home to minimise disruption to services, moving to a blended home/office approach as the impact of COVID-19 has reduced. For those officers who could not work from home, such as those engaged in environmental services, working practices were adapted to ensure their safety, health and wellbeing. Some Council facilities were closed or operated with restrictions in accordance with Government guidance. Where appropriate, staff were redeployed to services such as community engagement and vaccination support functions. As restrictions were lifted, the Council opened up services and has returned to a more normal operating arrangement.

Increased customer engagement using technology has also proved successful, and whilst there will continue to be some face to face or telephone contact (the Access Oldham facility at the Civic Centre reopened at the end of March 2022 reflecting the Council's customer focus), much more business can be transacted on-line and this is the way forward for Council service delivery, having regard to equality and fair access to services for all.

The Government continued to provide grant funding which the Council administered in support of a range of COVID-19 response activities, such as infection control and workforce retention in the Adult Social Care sector. The Government continued to offer Business Rate Reliefs to the retail, leisure, hospitality and nursery sector at 100% from April to June 2021 and then at 66% for the remainder of the financial year. Grants to support businesses were also continued throughout the year, although there were fewer individual rounds of grants than in 2020/21. More detail is provided on grants managed by the Council later in this Narrative Statement

During 2020/21, Council Tax and Business Rates collection was significantly reduced by the impact of the pandemic, however at the end of 2021/22 collection levels had recovered to almost pre-pandemic levels. The Council Tax Taxbase for 2021/22, which determined the level of Council Tax that could be collected, was lower than previous years due to the number of households claiming

Council Tax Reduction as their income had been reduced due to the economic impact of the pandemic. The beginning of the economic recovery was evident when setting the 2022/23 budget as the Taxbase increased (albeit that it is still below pre-pandemic levels).

Given the financial challenges and the ongoing impact of COVID-19 on the Country and the Local Government sector, the Department for Levelling Up, Housing and Communities (DLUHC) continued to request Local Authorities provide monthly updates on their financial position via a questionnaire. This gave the DLUHC an understanding of the overall financial pressures and the position of individual Local Authorities. This information in turn was useful in supporting the Council's budget monitoring and budget setting processes. The requirement to provide the DLUHC with monthly monitoring information ceased with the 2021/22 outturn information being provided on 19 May 2022.

### Key Service Issues and Developments in 2021/22

Whilst COVID-19 has impacted on all areas of the Council's activity, there are other important matters which also have a bearing when considering the operating environment and the financial position of the Council. These are set out in the following sections and, as would be expected, also highlight a COVID-19 impact.

#### **Health and Social Care Integration**

Since April 2016, Greater Manchester has been working to deliver its own sustainable Health and Social Care system. In order to take this forward, Oldham Council and Oldham Clinical Commissioning Group (CCG) jointly developed a Locality Plan for Health and Social Care Transformation initially covering the period 2016/17 to 2020/21. This was refreshed during Autumn 2019 and extended to 2023/24. The plan, which forms part of the wider Health and Social Care Delivery Plan across Greater Manchester sets out:

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

An earlier section described the management and reporting arrangements of Oldham Council and Oldham CCG which include the Commissioning Partnership Board (CPB). The CPB has delegated authority from Cabinet to make decisions in respect of the Section 75 pooled funds agreement. The agreement, made under the provisions of Section 75 of the National Health Service (NHS) 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.

As in the previous year, throughout 2021/22, Oldham Council and Oldham CCG continued to deal with COVID-19 in the community and care homes and through the vaccine roll out, benefiting from ever closer working arrangements and an acceleration of integrated working. The Council was again able to seek support from the CCG under the Section 75 agreement, significantly expanding the pooled budget. The actual outturn was £465.286m. This was made up of £83.766m of Council resources (all from the Adults Social Care service) and £381.520m of CCG resources (a considerable increase over 2021/22 levels as approved at the 27 January 2022 CPB meeting). Within the overall pooled resource total there was £2.924m to support the timely discharge from hospital and the wider care market as a consequence of the COVID-19 pandemic. The S75 outturn position (provisional until the completion of the Councils accounts) was approved at the CPB meeting of 26 May 2022. Note 11 provides more detail on Section 75 expenditure.

On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for all, setting out legislative proposals for Health and Care reform. The proposals received Royal Assent on 28 April 2022 and this means that Clinical Commissioning Groups (CCG's) will no longer exist after June 2022. The functions of NHS Oldham CCG will continue to be carried out by the NHS, and a new body; Greater Manchester Integrated Care will be created effective from 1 July 2022. It will undertake these functions, both in Oldham and in the other localities across Greater Manchester. Whilst the formal structures and organisations associated with the commissioning of NHS services in Oldham will change (the new arrangements have not yet been finalised), the commissioning structure will continue to focus on localities, and will maintain a link with the Council at its core.

The Council's relationship with NHS commissioners will therefore change as the system evolves and localities come together under a Greater Manchester Integrated Care System which will have a focus on population health. At a locality level an Oldham Integrated Health and Care System is being established, building on progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. The ambition remains to work closely in partnership, with the NHS and Local Government as equals in the Integrated Care System.

After extensive negotiations and preparatory work which took place throughout 2021/22, in a further extension of integrated working with local health partners, the Council has, from 1 April 2022, entered into a separate Section 75 Partnership Agreement with the Northern Care Alliance NHS Foundation Trust (NCA) for the provision of 0-19 Children's Services. Taking over from the previous service provider, Bridgewater Community Healthcare NHS Foundation Trust, the NCA will deliver health related services in conjunction with the Council who incorporated Early Education and Children's Centre functions within the Councils Early Years' service from 1 April 2022. This required a TUPE transfer of staff to the Council. The current combined value of operations within the agreement is around £9m per annum.

There will be extensive change to the way in which the Council and the NHS deliver health and social care in the future. Extensive preparatory work will take place during 2022/23 to respond to the proposals included within three White Papers issued during the latter part of 2021/22.

On 7 September 2021, the Government presented its vision for the long term funding of Adult Social Care in its White Paper "Building Back Better" which set out how individuals will pay for their long-term care. This will clearly impact on the processes and procedures operated by the Council. On 1 December 2021 the Government published its second White Paper "People at the Heart of Social Care" which set out a vision for the operation of Adult Social Care for the next 10 years with personal care / choice as its central strand. On 9 February 2022 the Government published a further White Paper on Adult Social Care "Joining Up Care for People, Places and Populations". This detailed the intention to bring together the National Health Service and Local Government to work much more closely together to improve health and social care outcomes.

## **Education and Early Years**

In October 2019, Cabinet approved an Education Provision Strategy to ensure there are enough school places available to local children and young people. Despite the challenges caused by the pandemic, this was taken forward during 2020/21 and 2021/22. The Council has the statutory duty to secure sufficient primary and secondary schools, although to provide this the Council collaborates with schools and other partners to deliver the places needed. Although there were some delays to the planned programme, capital expenditure was incurred on several school expansion projects during the year and further activity is taking place across the Borough to both enhance current provision and provide new places for young people with good and outstanding providers. In this regard:

- The new Saddleworth School (replacing older facilities) opened on 2 March 2022. The new school features 80 modern classrooms, including specialist teaching rooms for Science, Food Technology, ICT and Design Technology. There are also first-class sports facilities with a sports hall, fitness suite and activity studios inside and an all-weather pitch outside. The new school has been designed to meet the growing needs of pupils and the community by providing an additional 150 school places and can accommodate up to 1,500 pupils.
- During 2021/22, the Council via one of its Joint Venture Partnerships, undertook a land transaction to facilitate the site of a new school, transferring the land to the Department for Education. This will enable the Cranmer Education Trust to open a new 1,200 pupil capacity school, the Brian Clarke Church of England Academy. A temporary school building situated on the site of The Blue Coat School will open for Year 7 in September 2022 before the new school opens in the spring of 2023.
- At the Cabinet meeting of 20 September 2021 approval was given for a one-form entry expansion at North Chadderton Secondary School and a 30 place Nursery expansion at Firbank Primary School.
- On 11 March 2022, the world renowned Eton College, in partnership with Star Academies, unveiled plans to open a sixth-form centre in Oldham which is designed to open up Oxbridge and other elite universities to Oldham's students.

The Council has focused on developing the Oldham Learning initiative, the school improvement delivery function in Oldham. This is continuing to progress in partnership with schools. Whilst still being funded through grants and Council funding, the intention is to develop a self-sustaining offer that schools and academies value.

In October 2021, the Department for Education confirmed that the Council would receive Opportunity Area grant funding for the fifth year. Operating around an academic year the Council was awarded an initial allocation of £1.096m which increased with additional funding to £1.799m (unspent funds are carried forward into 2022/23 in the Revenue Grant reserve). Although an unringfenced grant, Council policy has been to ringfence this grant to facilitate the delivery of the key aim of improving social mobility and outcomes for children and young people. This grant is used to align with the Oldham Learning initiative.

During 2021/22, the Government announced that Oldham would be one of 55 Priority Education Investment Areas and receive funding support when Opportunity Area Funding ceases at the end of August 2022. Oldham has been selected as it has been identified as an area where school outcomes are amongst the weakest so there will be targeted investment, to provide support to improve educational achievement and outcomes linked into the Government's Levelling Up agenda.

The ringfenced Dedicated Schools Grant is received from Central Government and administered by the Council and is the main source of income for the schools budget. The Oldham DSG first fell into deficit during 2016/17 and it is an important element of the financial management of the Council that the DSG is not in a deficit position. As a result, there has been action to address working collaboratively with Schools Forum although increasing numbers of children with special needs entering the education system has offset some of the progress.

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

Liaising with the DfE during 2021/22 the Council has been working to reduce the DSG deficit and as can be seen at Note 6, the deficit has reduced from £2.814m in 2020/21 to £2.773m at the end of 2021/22. There is a clear Recovery Plan in place agreed with Schools Forum that should bring the DSG to a surplus by 2023/24. Further information on the DSG outturn is presented later in the Narrative Statement.

## **Children's Social Care**

Following the largely positive Ofsted Focused Visit in October 2020, the service has, throughout 2021/22, made good progress against the resultant service improvement plan despite facing continued increased volume and complexity in demand for statutory children's social work services within the Borough.

Children's Services was again inspected by Ofsted in November 2021. The 'Focused Visit' looked at children in need or subject to a protection plan. This included a detailed review of cases, speaking to social workers and managers in Fieldwork Services and Children with Disabilities Service, with a focus on thresholds, decision-making and pre-proceedings work. Ofsted also explored the contribution of the Adolescent Support Unit (ASU) and Safeguarding Unit in relation to Edge of Care support and child protection processes.

The headline findings concluded that, since the last assurance visit in 2020, "senior leaders have maintained a clear focus on keeping children safe and improving the quality of social work practice in Oldham. Children benefit from an effective range of support and services despite the continued disruption caused by the high rates of COVID-19 across the borough."

In addition, the ASU and Gemini House children's homes have been separately inspected by Ofsted in December 2021 and January 2022. Both homes demonstrated significant improvements in the service provided to young people and were rated 'good'.

Clearly work has been taken forward to transform service delivery and to help support greater efficiency and budget reductions. However, as is evident from the financial outturn in both the current and previous years and despite investment in Children's Social Care, expenditure continues to exceed budget. A significant proportion of the adverse variance is attributable to pressures associated with the pandemic, both in terms of demand and cost increases. A further consequence of the ongoing and significant impact of COVID-19 is a necessary focus on 'business as usual' and as a result this has delayed some of the planned transformational work in the current financial year.

The ambition to significantly reduce the use of agency social workers has been hampered by the inability of the Service to recruit experienced staff to these roles due to the competitive nature of the marketplace and the number of roles available regionally and nationally. The recruitment and retention of social workers is a strategic priority for 2022/23. As is the preventative offer to reduce the number of families requiring statutory social care intervention and reducing the number of high cost out of borough placements as part of the placement sufficiency strategy.

## **Employment and Skills**

Oldham is home to over 8,260 businesses (a 20% increase since 2020/21) employing roughly 78,000 people. As is consistent with the North West economy, this is dominated by micro, small or medium-size enterprises (fewer than 10, 10 to 50 and fewer than 250 employees respectively) with Oldham having a similar proportion of micro and small companies (11% compared to the 9.2% North West average).

The employment rate in Oldham has decreased from 70.8% (December 2020) to 64.6% (December 2021) and whilst having fluctuated over time has shown an upwards trend since 2015 (62.5%) until 2021. Reduced employment rate/increase economic inactivity has become a key

issue as a consequence of COVID-19 and remains lower than both the Greater Manchester (71.6%) and national averages (74.8%).

Leading into 2021/22, the unemployment rate was at 7.3% in March 2021 a significant increase due to COVID-19 (4.8% - January 2020). All Local Authorities across Greater Manchester (GM) saw an increase despite furlough payments and grants. As of March 2022, there were 10,680 Universal Credit claimants in Oldham (3,980 claimants more than in January 2020). Oldham continues to have the highest claimant rate in GM, and higher than the England average.

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 2021, 10.6% of residents had no qualifications (GM: 8.3% UK: 6.6%). This shows a significant improvement since 2010 when 16.5% of Oldham citizens had no qualifications (GM 12.8% and UK 11.3%). The percentage of citizens with a degree or equivalent has improved at a reasonable rate over the last 10 years progressing from 19.1% (2011) to 29.3% (2021) in line with the GM average 29.7% (2011) and 39.1% (2021).

The Oldham Lifelong Learning Service (OLLS) was negatively impacted by COVID-19 during 2020/21. The return to classroom based delivery improved recruitment with 4,281 enrolments by March 2021 compared to 2,207 in March 2020. The Service has sustained high overall achievement (formerly success) rates at 91.22% for the 2020/21 academic year (an increase from 85.17% in 2019/20 which was impacted by the retention of learners due to COVID-19). The Service's pass rate remained high at 97.59%, the retention rate increased from 86.45% (2019/20) to 93.47% (2020/21). OLLS was graded as Good across all areas in its latest Ofsted report under the new Education Inspection Framework.

The Get Oldham Working initiative once again succeeded in winning new contracts (Restart) and an extension to the National Careers Service contract. It has continued to help create work-related opportunities, more than 14,490 since its inception in May 2013. This includes over 10,600 jobs, 1,907 apprenticeships, 363 traineeships, 49 Kickstart placements and more than 1,575 work experience placements, of which over 11,260 opportunities have been filled by Oldham citizens.

## **Housing**

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

The delivery of the Housing Strategy objectives has been disrupted by the COVID-19 pandemic. However, in line with the refreshed Creating a Better Place Strategy, work is progressing to develop and deliver a programme of town centre housing development currently focused on the identification and assembly of suitable residential development sites.

In October 2021, the Council also introduced a new Homelessness Strategy and Temporary Accommodation Strategy with associated delivery plans aimed at preventing and reducing homelessness whilst procuring better value for money and improving the quality of its Temporary Accommodation offer.

The Housing Service in Oldham has, in line with Government and Greater Manchester Combined Authority (GMCA) initiatives, provided support to the homeless during the pandemic. The Council received £1.368m of specific housing grants in 2021/22 which it utilised during the year in line with Government guidance and a further £1.018m of grant for housing services has been confirmed for 2022/23.

The Council has also progressed the Green Homes Grant (GHG) scheme. The Council has led this scheme in Oldham and across Greater Manchester, delivering grants to private and social housing which will save households money, cut carbon emissions, and create green jobs.

### **Creating a Better Place**

The Council's Creating a Better Place Strategy was established in 2019/20 and is focused on building more homes for the borough's residents, creating new jobs through town centre regeneration and ensuring Oldham is a great place to visit. The Strategy complements the Oldham Green New Deal Strategy which aims to deliver carbon neutrality for the Borough by 2030 and is closely aligned with priorities included within the Council's COVID-19 Recovery Plan.

A key element of Strategy was the acquisition in October 2020 of Spindles and Town Square Shopping Centres located in the heart of Oldham Town Centre. Throughout 2021/22 the Council developed plans to relocate the Tommyfield Market and Council office accommodation into the shopping centre, create other office space along with an Events Centre and an Archive Store. Repurposing the space into a multi-functional retail and leisure site will also unlock other sites for redevelopment and to facilitate the provision of brand-new housing.

The Creating a Better Place Strategy encompasses almost £257m of capital investment over a seven year period to 2026/27. Alongside an extensive review with the aim of streamlining the Council's property asset portfolio, the aim is to deliver recurrent revenue savings of up to £10.300m per annum by 2026/27. The delivery of these savings has been incorporated into the Revenue Budget and Medium Term Financial Strategy, phased over several financial years.

The key programmes which form part of the Creating a Better Place strategy are:

- Schools - A range of new build and school expansion schemes to ensure there are sufficient school places for the Borough's children. Some examples of progress are outlined in the Education and Early Years section above.
- New Homes – As highlighted previously, the aim of the Housing Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives and focusses on the dynamics between people, homes and the wider economy.
- Town Centre Regeneration - In addition to the extensive work at Spindles/Town Square, during 2021/22 work commenced on the first phase of redevelopment at the Old Library site to bring it back into use and plans continue to be developed for a new Town Centre Performance Space.
- Borough-Wide Regeneration - The Council is investing in borough-wide regeneration initially via initiatives through housing and employment sites at Broadway Green (more new houses were completed during 2021/22) and Hollinwood but will take advantage of suitable development opportunities throughout Oldham in order to advance its regeneration objectives. In addition, 2021/22 saw the construction of the first phase of the Alexandra Park Eco-Centre.

## **Don't Trash Oldham**

In September 2021, reflecting the priorities of the Administration, the Council launched its Don't Trash Oldham campaign which aimed to clean up every part of the borough by investing an additional £0.531m (part year) into services such as litter picking and fly tipping. As at the end of March 2022, the scheme had seen positive results with 1,755 streets and 292 alleys cleaned across the whole borough. Due to the continuing success of the scheme, the 2022/23 budget incorporated recurrent investment of £1.000m for the Clean Streets Initiative. Further details on the scheme and how residents can get involved, can be found on the Council's website at <https://www.oldham.gov.uk/donttrasholdham>

## **Unity Partnership Ltd**

During 2021/22, the Council undertook a review of its relationship with the Unity Partnership Ltd., (UPL) one of its three wholly owned companies providing the following services:

- Highways
- Property Services
- Revenues and Benefits including Accounts Payable and Receivable.
- Contact Centre
- ICT
- Payroll and Pensions
- Consultancy (Business Change Services)

Over several months three potential options were considered:

- Option 1 – No change to the current operating model
- Option 2 – A mixed model of service delivery whereby services provided by the Council and UPL could be developed where either additional Council Services transfer to UPL and/or some services transfer back to the Council
- Option 3 – Transfer services back to the Council and retain UPL as a wholly owned company for a minimum period of 12 months whilst the Council considers its delivery vehicle for Traded Services.

After a detailed due diligence exercise in which the Finance Team was fully engaged, a report was presented to Members at the Cabinet meeting of 24 January 2022, which recommended Option 3. Members approved the report and a transfer date of 1 April was agreed subject to a full consultation process with the Unity Partnership Board, staff, Trades Unions and partners.

Considerable preparatory work took place in the leading up to the successful and seamless transfer of services with effect from 1 April 2022. Central to this decision was having one Council, delivering as a single entity for Oldham's residents, businesses and communities.

The UPL accounts for 2021/22 have been consolidated within the Group Accounts included within the financial statements.



## The Finances of the Council in 2021/22

### **The 2021/22 Revenue Budget Process**

The 2021/22 revenue budget was approved on 4 March 2021, however the process of setting the balanced budget effectively started at the 2020/21 Budget Council which considered the Medium Term Financial Strategy (MTFS) for covering the period 2020/21 to 2024/25. This set out provisional spending plans for 2021/22 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 2021/22 was £27.623m. As would be expected, the budget reduction target was subject to constant review as new information became available.

The preparation of a budget under the COVID-19 restrictions was both a unique and challenging experience with working practices being amended as appropriate. However, using the well-established Member review forum, chaired by the Leader of the Council and comprised of other members of the Cabinet and SMT, there was a review of the financial pressures facing the Council alongside available funding and resources, with a number of revenue budget reduction proposals considered to help address the budget reduction requirement. This allowed Members to undertake a detailed review and examination of proposals and to consider acceptability in the context of the ethos of the Council.

Public consultation on these proposals opened on 9 November 2020 and ended on 1 February 2021. Staff consultation was initiated by a formal Section 188 notice issued to Trades Unions on 4 January 2021 and concluded on 18 February 2021. The budget reduction proposals were subject to Member scrutiny at the Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee on 28 January 2021.

Although the final budget reduction was £27.623m, there was also a requirement to include a technical adjustment in the 2021/22 budget of £25.456m related to the awarding of Business Rate Reliefs to the retail, leisure, hospitality and nursery businesses after the 2020/21 budget had been set. The final budget gap increased to £53.079m.

The 2021/22 budget was balanced by budget reductions of £8.920m (£8.793m recurrent). It also relied on the use of one-off measures;

- £2.000m by utilising the opportunity provided by the Government which allowed the flexible use of capital receipts to fund transformational projects
- £15.703m of corporate reserves
- £1.127m of specific reserves
- A technical reserve financed by Government grant estimated at £25.456m (subsequently revised at outturn 2020/21 to £25.182m) to address an adjustment in relation to the granting of Business Rate Reliefs after the 2020/21 budget was set.

The initial net revenue expenditure budget of £254.179m was approved at the Budget Council meeting of 4 March 2021, with the budget report also including the MTFS setting out anticipated budget reduction requirements for 2021/22 to 2023/24. Also approved at the same meeting were the budget for the Housing Revenue Account (HRA), the Council Tax Reduction Scheme, Capital Programme and Strategy, Treasury Management Strategy for 2021/22 and the Statement of the Chief Finance Officer on the Reserves, Robustness of Estimates and Affordability and Prudence of Capital Investments.

## Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget. The Government allows Councils to raise an Adult Social Care Precept (ASCP) as well as charge Council Tax for general purposes. The revenue raised from the ASCP must be ring-fenced to support the increased costs of Adult Social Care, in part caused by Government sanctioned increases in the National Living Wage and the consequent impact on the cost for provision of care.

Within the Local Government Finance Settlement (LGFS) for 2021/22, the Government confirmed the referendum limit for general Council Tax at a maximum increase of 2% for 2021/22. However, mindful of the financial position of the Council but also the impact of a further increase in Council Tax on the citizens of Oldham, Members agreed to limit the increase of Council Tax for general purposes to 0.99%. The threshold for ASCP increases was a maximum of 3% for 2021/22 but there was the ability to carry forward any unused element into 2022/23. Members agreed to a 2% ASCP increase (with the remaining 1% utilised in 2022/23). The Council used the funds generated from this precept to finance Adult Social Care expenditure in accordance with Government requirements. When combining the general Council Tax increase with the ASCP, this resulted in a total increase of 2.99%. As in previous years, Parish Councils were excluded from the referendum limits.

The comparison of Council Tax Band D levels from 2020/21 to 2021/22 for Oldham Council is shown in the following table. This also shows the major precepts payable at Band D level for both years. These were the Greater Manchester Mayoral Police and Crime Commissioner Precept and the Greater Manchester Mayoral General Precept (including Fire Services). Precepts payable in relation to the two Parish Councils, payable only by residents who live in those Parish areas, are also shown.

| Council Tax Raising Body  | 2020/21<br>£    | 2021/22<br>£    | Increase<br>£ | Change<br>%  |
|---|-----------------|-----------------|---------------|--------------|
| Oldham Council<br><i>(Includes Adult Social Care Precept)</i>       | 1,672.92        | 1,722.94        | 50.02         | 2.99%        |
| Greater Manchester Mayoral Police & Crime Commissioner Precept      | 208.30          | 218.30          | 10.00         | 4.80%        |
| Greater Manchester Mayoral General Precept<br>(incl. Fire Services) | 90.95           | 90.95           | 0.00          | 0.00%        |
| <b>TOTAL BAND D COUNCIL TAX</b>                                     | <b>1,972.17</b> | <b>2,032.19</b> | <b>60.02</b>  | <b>2.95%</b> |
| Saddleworth Parish Council Precept                                  | 22.76           | 23.51           | 0.75          | 3.30%        |
| Shaw & Crompton Parish Council Precept                              | 16.86           | 17.37           | 0.51          | 3.02%        |

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

From 2017/18, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates as a precursor to a potential revision to the Local Government finance system. 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 standard funding arrangements. The pilot scheme continued into 2021/22 (and subsequently 2022/23) and has enabled additional Business Rates revenues to be retained within the city region and Oldham's share of these benefits has been used to support the budget over several financial years. The Council budgeted to use £50.619m of Retained Business Rates in the 2021/22 budget. The outturn shows that due to technical Collection Fund adjustments, the actual sum funding the budget was £45.378m.

The 100% Business Rates retention pilot scheme has been a success and has generated additional gains for both Oldham, other participating Districts and the GMCA. However, during 2020/21, the pandemic impacted on the Business Rates position and unlike previous years, there were no pilot scheme gains available to support the 2021/22 budget.

### **Projected Level of Balances**

In setting the 2021/22 budget and the MTF5 to 2024/25 there was an assumption about the level of balances that the Council would require to address any unexpected spending pressures. Balances need to reflect spending experience and risks to which the Council might be exposed. At the 4 March 2021 Council meeting the recommended balances (prepared using a risk-based analysis) were approved as £15.641m for 2021/22, £17.349m for 2022/23 and £18.602m for 2023/24.

The 2020/21 accounts were closed with balances of £17.263m which exceeded the anticipated level and provided additional financial assurance for 2021/22. As discussed later, the balances at the end of 2021/22 increased to £20.012m.

### **Revenue Budget Monitoring**

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

In 2021/22, the revenue and capital budget monitoring information was reported to Cabinet and then scrutinised by the Performance Overview and Scrutiny Committee. For 2021/22, the reporting periods were months 3, 6, 8 and 9. This process allowed for a good level of challenge, including reviewing any potential impacts on service performance as a result of COVID-19. In addition to the monitoring reports, during 2021/22, the Committee also considered, amongst other things, wider budget updates including a review of issues impacting on the Financial Administration in Local Authorities and performance and financial updates on the Unity Partnership Ltd.

Whilst the management structure of the organisation evolved throughout 2021/22, the governance structure and monitoring arrangements were unchanged. The budget monitoring format therefore remained comparable to 2020/21, although there will be changes for 2022/23.

The month 3 monitoring report for the period ending 30 June 2021 presented to Cabinet on 23 August 2021 advised that there would be a £0.585m adverse outturn without corrective action being taken or offsetting funding being made available. It was clear that COVID-19 was still having an impact on the financial position. Of this variance, a net sum of £4.656m was attributable to COVID-19 with a favourable variance for business as usual activities of £4.071m. The most significant areas of overspend as a result of COVID-19 and business as usual activities were Adult Social Care and Children's Services (just as in 2020/21).

At month 6, the position reported for the period ending 30 September 2021 had improved, turning a forecast deficit to a surplus of £2.413m (a COVID-19 related deficit of £3.062m and £5.475m favourable business as usual variance). This was primarily due to the receipt of additional Government grant, increased income from treasury management activity and reduced pressures on Community Health and Adult Social Care services.

The month 8 monitoring position (to November 2021) was used to inform the 2022/22 budget and was considered alongside the suite of 2022/23 budget reports by the Scrutiny Committee and Cabinet. This showed little variance from month 6 with an overall underspend of £2.672m (an adverse COVID-19 variance of £3.311m and a favourable business as usual variance of £5.983m).

The final monitoring report for the period to month 9 (December 2021) was presented to Cabinet on 21 March 2022 at which point there was an estimated underspend of £2.680m. The estimated net COVID-19 pressure was £3.197m. The pressure was offset by a forecast 'business as usual' underspend of £5.877m generated in part by the maximisation of ringfenced grant income received by the Council. As can be seen later in the document, the projection was close to the final outturn of £2.749m.

### **Revenue Outturn 2021/22**

Throughout 2021/22 the Government provided the Council with additional funding over and above budgeted receipts, to allow the Council to help the residents and businesses of Oldham whilst it moved through the national COVID-19 Recovery Plan. The sums received were, however, significantly less than in 2020/21.

Central Government provided a number of unringfenced grants to support additional costs arising from COVID-19. Of these unringfenced grants, a general grant of £7.737m and an anticipated sum of £0.351m to compensate for lost Sales, Fees and Charges for the first quarter of the year was used to create a budget, held centrally, to offset COVID-19 related expenditure in services. This approach mirrored that used in 2020/21 and allowed the actual service impact of COVID-19 to be seen, compared to the original budget.

The Council's 2021/22 revenue outturn position is shown in the following table. It varies from that shown in the Budget Monitoring reports presented to Cabinet by the inclusion of the Collection Fund. Total net service expenditure (including the Collection Fund at £17.830m) was £352.615m with total financing of £355.364m. The increase from the original budget of £254.179m is due to the receipt of additional Government Grant funding in year (mostly Capital Grants). This resulted in a surplus of £2.749m for the financial year, which was slightly higher than the £2.680m projected in the month 9 (to 31 December 2021) Budget Monitoring report presented to Cabinet on 21 March 2022. This surplus has been credited to the General Fund balance contributing to the Council's financial resilience in future years.

The table below sets out the outturn position for 2021/22 with further information on financing included in Note 4, Taxation and Non Specific Grant Income.

| Revenue Outturn 2021/22                      | Budget<br>£000   | Actual<br>£000   | Variance<br>£000 |
|--|------------------|------------------|------------------|
| <b>Net revenue expenditure</b>               |                  |                  |                  |
| People and Place                             | 92,402           | 93,012           | 610              |
| Community Health and Adult Social Care       | 72,203           | 79,760           | 7,557            |
| Children's Services                          | 91,985           | 97,010           | 5,025            |
| Communities and Reform                       | 41,560           | 39,439           | (2,121)          |
| Commissioning                                | 112              | 341              | 229              |
| Chief Executive                              | 10,766           | 9,408            | (1,358)          |
| Capital Treasury and Technical Accounting    | 12,071           | 8,681            | (3,390)          |
| Corporate and Democratic Core                | 6,815            | 6,815            | -                |
| Parish Precepts                              | 319              | 319              | -                |
| COVID-19 Budget                              | 8,088            | -                | (8,088)          |
| <b>Net Service Expenditure</b>               | <b>336,321</b>   | <b>334,785</b>   | <b>(1,536)</b>   |
| Collection Fund                              | -                | 17,830           | 17,830           |
| <b>Total Net Service Expenditure</b>         | <b>336,321</b>   | <b>352,615</b>   | <b>16,294</b>    |
| <b>Financed by:</b>                          |                  |                  |                  |
| Locally Generated Income                     | (150,018)        | (150,018)        | -                |
| Government Grants                            | (97,504)         | (97,504)         | -                |
| COVID-19 General Unringfenced Grant          | (8,088)          | (8,088)          | -                |
| COVID-19 Other Unringfenced Grants           | (1,591)          | (1,591)          | -                |
| COVID-19 Local Council Tax Support Grant     | (3,185)          | (3,185)          | -                |
| Capital Grants                               | (59,458)         | (59,458)         | -                |
| Use of Earmarked Reserves - Collection Fund* | -                | (25,182)         | (25,182)         |
| Use of Earmarked Reserves - General          | (16,830)         | (16,830)         | -                |
| <b>Financing</b>                             | <b>(336,674)</b> | <b>(361,856)</b> | <b>(25,182)</b>  |
| Collection Fund (Surplus)/Deficit            | 353              | 6,492            | 6,139            |
| <b>Total Financing</b>                       | <b>(336,321)</b> | <b>(355,364)</b> | <b>(19,043)</b>  |
| <b>Current Net Underspend</b>                | <b>-</b>         | <b>(2,749)</b>   | <b>(2,749)</b>   |

\*Release of earmarked reserve to finance the Collection Fund deficit resulting from the awarding of Business Rate Relief in 2020/21. The grant compensation was paid by Government in 2020/21 and transferred to an earmarked reserve which was applied in 2021/22.

A key element of the closure process is to determine the level of reserves and to align the reserves to reflect the requirements of the reserves policy. There is always an aspiration to replenish reserves at the year-end. At the end of the financial year, the revenue account earmarked reserves position was £99.228m (£113.512m at the start of the financial year). Of this sum £8.807m is due to grant received in 2021/22 which will offset the Collection Fund deficit impacting on the 2022/23 budget.

The funds available to allocate to reserves was higher than initially expected as income and expenditure trends remained volatile. As the country and Borough gradually eased back to a more normal state the Council continued to see shifts in service delivery patterns reflected in varying expenditure trends and fluctuations in income streams for Business As Usual activities. The main reasons why reserves increased are:

- It had been expected that some projects would have been further advanced at the year-end, but the creation of an earmarked reserve was required to ensure completion in 2022/23;
- There was a year-end exercise to maximise the benefit to Oldham of time limited revenue grants;
- The receipt of additional funds from Oldham CCG through S75 funding arrangements to support Adult Social Care using the flexibilities approved by the Commissioning Partnership Board.
- Income being received from partner organisations late in the financial year including funding in relation to after care services provided under Section 117 of the Mental Health Act 1983 and other adults social care related payments from Oldham CCG;
- Late notification from Central Government of grant allocations.

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

### **People and Place**

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

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

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

The year-end position for the People and Place Portfolio was a deficit of £0.610m, against a revised budget of £92.402m. The adverse variance is mostly within the Economic Development service with a £2.287m unfavourable variance. This relates to:

- the Catering Service as a result of increasing food costs; and
- the Corporate Landlord/Investment Estate and Markets Service relating to the recoverability of rental income from tenants impacted by the pandemic and an increased requirement for maintenance of the Council's property estate.

This overspend in Economic Development has been partially offset by favourable variances in Environmental Services of £1.043m due to overachievement of S38/S278 and Traffic Regulation order income and savings in the Highways Operations budget and Customer Services of £0.694m due to staff vacancies and maximisation of grants. There was a small overspend in Enterprise and Skills of £0.060m.

The final outturn variance of £0.610m was an adverse movement of £0.484m compared to the forecast of £0.126m which was reported to Cabinet at Month 9 (Quarter 3 to 31 December 2021).

## Community Health and Adult Social Care

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

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

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

In 2021/22, this co-operation with health partners was used to provide integrated services in the continued response to the global pandemic.

Compared to a budget of £72.203m the outturn was £79.760m leading to an adverse outturn of £7.557m. This mainly comprised of a £7.542m overspend on costs relating to COVID-19. Included within this net expenditure position is a non-recurrent contribution of £0.897m from the Contain Outbreak Management Fund which reduced the overall pressure derived from the pandemic. This main element of the pressure is for care costs for individuals previously funded via the arrangements set-out in the Hospital Discharge Programme (HDP) paid through Oldham CCG which for the first part of the year attracted funding for a period of six weeks (reduced from that available in 2020/21). This then reduced to a period of four weeks from 1 July 2021 to 31 March 2022. The Hospital Discharge Programme funding then ceased on 31 March 2022. After this period, the legacy costs are borne by the Council and are an on-going impact of the pandemic.

Other income from the CCG and HDP has reduced other unfavourable variances within the portfolio alongside the maximisation of grants.

The final outturn variance of £7.557m was an adverse movement of £0.277m compared to the forecast of £7.280m which was reported to Cabinet at Month 9 (Quarter 3 to 31 December 2021). Note, this adverse variance was partly offset by the unringfenced COVID-19 grants as discussed below.

### Children's Services

The Children's Services Portfolio is comprised of the Education, Skills and Early Years, Children's Social Care and Preventative Services Directorates.

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

**Children's Social Care** provides the Council's statutory social work function for the care and protection of children in need and children and young people at risk of significant harm.

**Preventative Services** has strategic responsibility for services including the Early Help service, the Multi Agency Safeguarding Hub (MASH) and Targeted Youth provision.

The Portfolio as a whole recorded an overspend of £5.025m against a revised budget of £91.985m. The majority of the adverse variance (£4.985m) was within Children's Social Care, primarily due to the cost of placements; out of borough in particular, and also additional staffing costs, mainly agency to address demand pressures arising from the pandemic. The adverse variance within Education, Skills and Early Years was (£0.130m); the main drivers being the cost of Special Educational Needs (SEND) provision (including out of borough placements), loss of income for the Community / Adult Learning Service due to the pandemic and staffing costs. Preventative services recorded an underspend of £0.117m due to savings on contracts and the maximisation of grant income.

The final outturn variance of £5.025m was a favourable movement of £0.244m compared to the forecast of £5.269m which was reported to Cabinet at Month 9 (Quarter 3 to 31 December 2021).

### **Communities and Reform**

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

The revenue outturn was a favourable variance of £2.121m. The overall underspend for Communities and Reform Portfolio is in the main due to vacancies across the Directorate and the offsetting of costs by COVID-19 grants. These offsets have reduced the impact of the reduction of income received for the Music Service, Outdoor Education, Sports Development and HR Advisory services.

The final outturn variance of £2.121m was a favourable movement of £0.467m compared to the forecast of £1.654m which was reported to Cabinet at Month 9 (Quarter 3 to 31 December 2021).

### **Commissioning**

During the financial year, the Finance Directorate was transferred to the Chief Executive Portfolio leaving only the Procurement Service within the Commissioning Portfolio (note the restatement of the Comprehensive Income and Expenditure Statement to reflect this change). Compared to a net budget of £0.112m, the revenue outturn was an adverse variance of £0.229m.

The variance is mainly the result of the use of external contractors covering hard to fill roles and the reduction of income generated against the Council's early payment discount scheme. The pressure was partially offset by a reduction in payments to contractor costs and additional income generated in relation to the implementation of the North West Contractor Framework which the Council is hosting (as approved by Cabinet on 22 March 2021).

The final outturn variance of £0.229m was a favourable movement of £0.150m compared to the forecast of £0.379m which was reported to Cabinet at Month 9 (Quarter 3 to 31 December 2021).

### **Chief Executive**

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



Compared to a budget of £10.766m the revenue outturn of £9.408m was a favourable variance of £1.358m. The underspend for the Chief Executive Directorate is due to vacancies across the Directorate, the maximisation of COVID-19 grants and reduced levels of non-pay costs including GM wide corporate budgets including the Coroners Service. The Registrars Service income increased in quarters 3 and 4 to pre-pandemic levels. These offsets have reduced the impact of the reduction in schools traded income in Legal Services and reduced levels of summons cost recoveries income which is still impacted by COVID-19.

The final outturn variance of £1.358m was a favourable movement of £0.759m compared to the forecast of £0.599m which was reported to Cabinet at Month 9 (Quarter 3 to 31 December 2021).

### **Capital, Treasury and Technical Accounting**

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

The outturn for Capital, Treasury and Technical Accounting was a favourable variance of £3.390m in the main due to higher than budgeted returns on investments and the Council's pension pre-payment, lower costs incurred as a result of capital financing transactions and other smaller non-pay variances.

### **Corporate and Democratic Core**

This represents the revenue budgets concerned with the executive management of the Council and Elected Member related activities including policy making, representing local interests and democratic representation. Total expenditure was £6.815m with no variance to budget.

### **Parish Precepts**

This consists of the payments made to the two Parish Councils, Saddleworth Parish Council and Shaw and Crompton Parish Council. These payments relate to Council Tax income collected by the Council on behalf of the Parish Councils (£0.300m). There is also an additional grant payment made to each Parish Council to help mitigate revenue losses arising from the Council Tax Reduction Scheme (£0.019m in total).

## COVID-19 Grants

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

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

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

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

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

### Grant Support for Businesses

The Business Grant schemes operating across 2020/21 and 2021/22 are set out in the table below. This shows brought forward grants of £12.911m. A total of £4.571m was spent in 2021/22 leaving £8.340m to be returned to Government.

| COVID-19 Business Grants  | Brought Forward | Grants Received 2021/22 | Total Available | The Council Acting as Agent | The Council Acting as Principal | Expenditure as at 31 March 2022 | Grant Remaining as at 31 March 2022 |
|---|-----------------|-------------------------|-----------------|-----------------------------|---------------------------------|---------------------------------|-------------------------------------|
|   | £000            | £000                    | £000            | £000                        | £000                            | £000                            | £000                                |
| Additional Restrictions Grant 2020/21 carry forward                   | (4,047)         |                         | (4,047)         |                             | (4,047)                         | 4,047                           |                                     |
| LRSO Closed Addendum Open Pre 5 November 2020 - 2020/21 carry forward | (35)            |                         | (35)            |                             | (35)                            | 35                              |                                     |
| LRSO Open 20 December – 4 January 2021                                | (2)             |                         | (2)             |                             | (2)                             | 2                               |                                     |
| Closed Business Lockdown Grant 2020/21 carry forward                  | (3,630)         |                         | (3,630)         | (3,630)                     |                                 | 177                             | (3,453)                             |
| Local Restrictions Grant (Closed) 2020/21 carry forward               | (5,197)         |                         | (5,197)         | (5,197)                     |                                 | 310                             | (4,887)                             |
| <b>TOTAL</b>  | <b>(12,911)</b> |                         | <b>(12,911)</b> | <b>(8,827)</b>              | <b>(4,084)</b>                  | <b>4,571</b>                    | <b>(8,340)</b>                      |

The detail for each Grant is set out below.

- Additional Restrictions Grant (ARG) carry forward

The Government allocated the Council £7.123m in ARG during 2020/21. This was a discretionary grant scheme for which the Council was able to introduce specific eligibility criteria based on knowledge of the Oldham economy and business community. The Council acted as a principal for this grant. At the end of 2020/21, £3.076m had been paid to businesses with £4.047m transferred to a reserve to support activities in 2021/22. The full £4.047m was spent in the period to 30 June 2021 and £4.047m of reserves were called into the revenue account to finance the expenditure.

- Local Restrictions Support Grant (LRSB)

During 2020/21, the Government allocated LRSB in eleven separate elements with a total of £28.420m. At the end of 2020/21, £19.556m of grant (with a further £8.864m carried forward into 2021/22) had been spent but ten of the eleven separate grant rounds remained open for final payments and there was still the opportunity to apply for one tranche of LRSB. The final date for applications for the last round of LRSB was 30 April 2021 and the final payment date was 30 June 2021. At the end of June 2021, a final total of £20.077m had been spent. Therefore, £0.524m of grants were paid in 2021/22 with £8.340m remaining unspent and returned to the Government. Every effort was made to issue grants to all qualifying businesses.

As presented in the table, the LRSB spent in 2021/22 was as follows:

- LRSB Closed Addendum Open Pre 5 November 2020 – £0.035m of this discretionary element of a mandatory grant for which the Council acted as a principal was carried forward into 2021/22 and spent in year.
- LRSB Open 20 December - 4 January 2021 - £0.002m of this discretionary element of a mandatory grant for which the Council acted as a principal was carried forward into 2021/22 and spent in year.
- LRSB Closed Business Lockdown One Off Payment - £3.630m of this mandatory grant for which the Council acted as an agent of Government was carried forward into 2021/22. A total of £0.177m of payments were made leaving £3.453m to be returned to Government
- LRSB Closed – of the 4 rounds of mandatory grants with specific qualifying time periods for eligibility for which the Council acted as an agent of Government, £5.197m was carried forward into 2021/22, £0.310m was spent leaving £4.887m to be returned to Government

## Grants paid in 2021/22

The Business Grants received in 2021/22 are set out in the table below and show receipts of £13.461m, expenditure of £12.586m leaving £0.875m to be returned to Government. The grants are detailed in the table and paragraphs below.

| COVID-19 Business Grants                             | Grants Received 2021/22 | Total Available | The Council Acting as Agent | The Council Acting as Principal | Expenditure as at 31 March 2022 | Grant Remaining as at 31 March 2022 |
|--|-------------------------|-----------------|-----------------------------|---------------------------------|---------------------------------|-------------------------------------|
|  | £000                    | £000            | £000                        | £000                            | £000                            | £000                                |
| Restart Grant – April 2021                           | (10,543)                | (10,543)        | (10,543)                    |                                 | 9,703                           | (840)                               |
| Additional Restrictions Grant – July 2021 Allocation | (1,214)                 | (1,214)         |                             | (1,214)                         | 1,214                           |                                     |
| Omicron Hospitality and Leisure Grant                | (1,398)                 | (1,398)         | (1,398)                     |                                 | 1,363                           | (35)                                |
| Omicron - Additional Restrictions Grant              | (306)                   | (306)           |                             | (306)                           | 306                             |                                     |
| <b>TOTAL</b>   | <b>(13,461)</b>         | <b>(13,461)</b> | <b>(11,941)</b>             | <b>(1,520)</b>                  | <b>12,586</b>                   | <b>(875)</b>                        |

- Restart Grant – April 2021

The Restart Grant scheme, introduced from 1 April 2021, was announced in the Chancellors Budget speech in March 2021 to support businesses in the non-essential retail, hospitality, leisure, personal care and accommodation sectors with a one-off grant, to reopen safely as COVID-19 restrictions were lifted. The Council received a sum of £10.543m of which £9.703m was spent in year leaving £0.840m to be returned to Government.

- Additional Restrictions Grant – July 2021 allocation

A further £1.214m tranche of ARG to enable the Council to continue provide additional discretionary support to businesses affected COVID-19 was received in July 2021 and the grant was spent in full during the year. Due to the discretionary nature of the grant, it was classified as an unringfenced grant.

- Grant Support for Businesses most Impacted by the Omicron Variant

On 21 December 2021 the Chancellor announced a new round of grants for businesses experiencing difficulties because of the Omicron variant of COVID-19 and the dual impact of staff absences and lower consumer demand. These were:

- Omicron Hospitality and Leisure Grant

This scheme was to provide support to hospitality, leisure and accommodation businesses, primarily in-person services. The Council received a grant allocation of £1.398m of which £1.363m was utilised leaving £0.035m to be returned to Government.

- Omicron – Additional Restrictions Grant

The Council received a £0.306m allocation of the discretionary ARG to specifically support businesses impacted by Omicron and prepared a local scheme to distribute the grant. This allocation was spent it in full. As with the earlier rounds of ARG, due to the discretionary nature of the grant, it was classified as an unringfenced grant.

## COVID-19 Ringfenced Grants

The COVID-19 pandemic led the Government to introduce range of specific ringfenced grant schemes for the Council to administer including grants to support schools. Each of these grants had its own terms, conditions and eligibility criteria and some had detailed reporting requirements. The following tables detail these grants and the activity against them in relation to the 2021/22 financial year.

| COVID-19 Ringfenced Grants  | B/fwd<br>£000  | Grants Received<br>2021/22<br>£000 | Total available<br>£000 | The Council acting as Agent<br>£000 | The Council acting as Principal<br>£000 | Expenditure as at 31 March 2022<br>£000 | Grant Remaining as at 31 March 2022<br>£000 | REF |
|---|----------------|------------------------------------|-------------------------|-------------------------------------|---|---|---|-----|
| <b>Grants - Council</b>   |                |                                    |                         |                                     |   |   |   |     |
| Reopening the High Street Safely Fund (RHSSF)/Welcome Back Fund       | (159)          | (210)                              | (369)                   |                                     | (369)                                   | 369                                     |   |     |
| Contain Outbreak Management Fund                                      | (5,341)        | (1,997)                            | (7,338)                 |                                     | (7,338)                                 | 4,257                                   | (3,081)                                     | a   |
| Enhanced Covid  | (133)          |                                    | (133)                   |                                     | (133)                                   | 133                                     |   |     |
| Clinically Extremely Vulnerable                                       | (541)          |                                    | (541)                   |                                     | (541)                                   | 533                                     | (8)   | b   |
| Community Champions   | (347)          |                                    | (347)                   |                                     | (347)                                   | 335                                     | (12)  | c   |
| Test and Trace Service Support Grant                                  | (851)          |                                    | (851)                   |                                     | (851)                                   | 851                                     |   |     |
| Test and Trace Support Payments                                       |                |                                    |                         |                                     |   |   |   |     |
| - Mandatory payments  | (68)           | (521)                              | (589)                   | (589)                               |   | 665                                     | 76  | d   |
| - Discretionary payments  | (343)          | (377)                              | (720)                   |                                     | (720)                                   | 688                                     | (32)  | e   |
| - Administration  | (109)          | (80)                               | (189)                   |                                     | (189)                                   | 184                                     | (5)   | f   |
| COVID-19 Compliance & Enforcement Grant                               | (31)           |                                    | (31)                    |                                     | (31)                                    | 31                                      |   |     |
| COVID-19 Winter Grant Scheme  | (122)          | (339)                              | (461)                   |                                     | (461)                                   | 461                                     |   |     |
| COVID-19 Local Support Grant  |                | (1,147)                            | (1,147)                 |                                     | (1,147)                                 | 1,147                                   |   |     |
| Household Support Fund Grant  |                | (2,419)                            | (2,419)                 |                                     | (2,419)                                 | 2,419                                   |   |     |
| Self-isolation Practical Support Payment                              | (64)           | (467)                              | (531)                   |                                     | (531)                                   | 174                                     | (357)                                       | g   |
| Elections Grant   |                | (98)                               | (98)                    |                                     | (98)                                    | 98                                      |   |     |
| Infection Control Fund  |                | (2,511)                            | (2,511)                 | (1,876)                             | (635)                                   | 2,369                                   | (142)                                       | h   |
| COVID-19 Rapid Flow Testing   |                | (1,791)                            | (1,791)                 | (1,169)                             | (622)                                   | 1,550                                   | (241)                                       | i   |
| Workforce Recruitment and Retention Fund                              |                | (2,149)                            | (2,149)                 |                                     | (2,149)                                 | 2,149                                   |   |     |
| Targeted Community Testing Funding (TCT)                              |                | (577)                              | (577)                   |                                     | (577)                                   | 577                                     |   |     |
| Next Steps Accommodation Programme                                    | (46)           |                                    | (46)                    |                                     | (46)                                    | 46                                      |   |     |
| New Burdens 4 Restart & Additional Restrictions                       |                | (100)                              | (100)                   |                                     | (100)                                   | 100                                     |   |     |
| New Burdens 5 Post Payment Assurance Reconciliation and Debt Recovery |                | (37)                               | (37)                    |                                     | (37)                                    | 37                                      |   |     |
| Omicron Support Fund  |                | (281)                              | (281)                   |                                     | (281)                                   | 281                                     |   |     |
| Protect and Vaccinate Grant   |                | (12)                               | (12)                    |                                     | (12)                                    | 12                                      |   |     |
| <b>TOTAL COUNCIL COVID-19 RINGFENCED GRANTS</b>                       | <b>(8,155)</b> | <b>(15,113)</b>                    | <b>(23,268)</b>         | <b>(3,634)</b>                      | <b>(19,634)</b>                         | <b>19,466</b>                           | <b>(3,802)</b>                              |     |

|  | B/fwd | Grants Received 2021/22 | Total available | The Council acting as Agent | The Council acting as Principal | Expenditure as at 31 March 2022 | Grant Remaining as at 31 March 2022 | REF |
|--|-------|-------------------------|-----------------|-----------------------------|---------------------------------|---------------------------------|-------------------------------------|-----|
| COVID-19 Ringfenced Grants                                       | £000  | £000                    | £000            | £000                        | £000                            | £000                            | £000                                |     |
| <b>Grants - Schools</b>  |       |                         |                 |                             |                                 |                                 |                                     |     |
| Workforce Fund   |       | (6)                     | (6)             |                             | (6)                             | 6                               |                                     |     |
| Catch-up Premium Payment   |       | (718)                   | (718)           |                             | (718)                           | 718                             |                                     |     |
| National Testing Programme                                       |       | (128)                   | (128)           |                             | (128)                           | 128                             |                                     |     |
| Recovery Premium   |       | (1,526)                 | (1,526)         |                             | (1,526)                         | 490                             | (1,036)                             | j   |
| School-led Tutoring Grant Allocations academic year 2021 to 2022 |       | (1,486)                 | (1,486)         |                             | (1,486)                         | 448                             | (1,038)                             | k   |
| Free School Meals Additional Costs                               |       | (141)                   | (141)           |                             | (141)                           | 141                             |                                     |     |
| Summer School  |       | (60)                    | (60)            |                             | (60)                            | 60                              |                                     |     |
| Mental Health Leads Training                                     |       | (19)                    | (19)            |                             | (19)                            | 19                              |                                     |     |
| Staff Instructor Grant   |       | (2)                     | (2)             |                             | (2)                             | 2                               |                                     |     |
| <b>TOTAL SCHOOLS COVID-19 RINGFENCED GRANTS</b>                  | -     | <b>(4,086)</b>          | <b>(4,086)</b>  | -                           | <b>(4,086)</b>                  | <b>2,012</b>                    | <b>(2,074)</b>                      |     |

There were eleven non-schools grants received in 2020/21 for which funds were brought forward into 2021/22. Five of these received top up funding in year. Eleven new grants were awarded (although some had several individual rounds of grant). There were also nine grants specifically for schools.

|   | B/fwd          | Grants Received 2021/22 | Total available | The Council acting as Agent | The Council acting as Principal | Expenditure as at 31 March 2022 | Grant Remaining as at 31 March 2022 |
|---|----------------|-------------------------|-----------------|-----------------------------|---------------------------------|---------------------------------|-------------------------------------|
| COVID-19 Ringfenced Grants              | £000           | £000                    | £000            | £000                        | £000                            | £000                            | £000                                |
| <b>TOTAL COVID-19 RINGFENCED GRANTS</b> | <b>(8,155)</b> | <b>(19,199)</b>         | <b>(27,354)</b> | <b>(3,634)</b>              | <b>(23,720)</b>                 | <b>21,478</b>                   | <b>(5,876)</b>                      |

In total, £8.155m of grants were brought forward and £19.199m of specific grants were received in 2021/22. There was, therefore, a total of £27.354m available for distribution. The Council acted as an agent of Government for £3.634m of grants and principal for £23.720m.

At the year-end £21.478m had been spent and of the £5.876m remaining:

- £3.138m has been transferred to the Revenue Grants Reserve (references a, b, c, e and f in the table above);
- (£0.076m) is due to be recovered from Government (reference d);
- £0.740m is due to be repaid to Government (references g, h and i); and
- £2.074m has been taken forward as a Receipt in Advance as this income applied to 2021/22 Academic year (references j and k)

In addition to the business grant funding (of which £1.520m was classed as unringfenced) and COVID-19 specific grants, the Council also received other unringfenced general grants to support its COVID-19 response totalling £11.345m. These were:

- General unringfenced grant totalling £7.737m;
- Sales, Fees and Charges unringfenced grant compensation of £0.351m ;
- Omicron and ARG New Burdens funding of £0.039m;
- Wellbeing for Education Recovery totalling £0.033m.
- Local Council Tax Support Grant of £3.185m (an unringfenced grant used to support the 2021/22 budget;

#### Other COVID-19 Grants

- Grant in Lieu of Business Rates – Compensation for the award of Retail, Leisure, Hospitality and Nursery Business Rate Relief

The announcement of these Business Rates Reliefs was announced after the 2021/22 budget had been set. This therefore meant that once the reliefs were awarded it created a Collection Fund deficit for which a compensating grant was awarded (Grant in Lieu of Business Rates). However due to the complexities of Collection Fund accounting, the grant is applied through the revenue budget of the following year (2022/23). When the 2022/23 budget was set, it was assumed that £8.888m of reliefs would be awarded, so the 2022/23 budget was prepared anticipating this impact. The preparation of the accounts has identified that £8.807m of reliefs were awarded to qualifying businesses. This sum as therefore been included in both the Collection Fund outturn and in the earmarked reserves.

- COVID-19 Additional Relief Fund

On 25 March 2021, the Government announced a new COVID-19 Additional Relief Fund (CARF) to enable Local Authorities to provide Business Rate Relief to businesses other than those already receiving COVID-19 reliefs. However, it wasn't until 15 December 2021 that the detail of the CARF was announced with guidance being issued relating to the eligibility and administration of the grant regime. The Council was allocated £4.204m which was to be paid as a grant to compensate for the Business Rates for which reliefs would be awarded.

In order to administer the reliefs, the Council had to adopt a local discretionary scheme. The discretionary scheme was approved by Cabinet at its meeting on 24 January 2022. Applications from business were sought in 2021/22 however, as at 31 March 2022 no grants had been issued.

When the 2022/23 budget was set, the guidance available advised that the £4.204m would be carried forward as a reserve whilst having created a Collection Fund Deficit of £4.204m as result of the application of the Business Rates Reliefs. However, the guidance changed. Neither of these treatments was required and at the year-end and the £4.204m was transferred to 2022/23 by way of receipt in advance as per CIPFA guidance issued on 28 April 2022. The 2022/23 budget will be adjusted by a corresponding £4.204m.

## Council Tax Energy Rebate

In February 2022, the Government announced Councils would be responsible for administering the Council Tax Energy Rebate scheme. Although this was a 2022/23 scheme the Council received a grant award of £14.013m on 30 March 2022. Therefore, at the year end the Council held this sum in its Balance Sheet as a receipt in advance.

Taking all the ringfenced and unringfenced funding including that in the tables above, in 2021/22 the Council administered £21.066m of brought forward COVID-19 grant funding. It also received a cash allocation of £57.016m of new COVID-19 related grants (excluding the Council Tax Energy Rebate which is not specifically COVID-19 related). Of these £12.865m were unringfenced with the remainder ringfenced for specific purposes. This shows the extent of the continued Government financial support for the Council from a large range of initiatives. The accounting treatment of the grants is varied. Some are included within Notes 4, 5 and 15 and others are included in the Balance Sheet.

## **Schools and the Dedicated Schools Grant (DSG)**

Schools may carry forward any surplus or deficit in net expenditure from one financial year to the next. At the end of 2021/22 there were 65 schools (3 secondary, 61 primary, and 1 special) for which the year-end balances were included within the Council's Balance Sheet. Four of the Council's schools finished the financial year with a deficit.

The total school balances for 2021/22 were £10.192m which was an increase of £0.886m compared to the 2020/21 total of £9.306m.

For 2021/22, the Oldham scheme for financing schools allows 'excess balances' that represent more than 12% of a school's budget for the following year to be carried forward. 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 2021/22 there were 11 schools (primary and secondary) with excess balances. Of the 11 schools holding surplus balances, one primary school was an academy converter and the balance has since been paid over to the school. The remaining 10 schools have requested that these balances be carried forward and this will be taken to the Schools Forum meeting on 15 June 2022 for approval.

As advised at Note 6, the DSG remains in deficit, a trend that first started in 2016/17. The Council has made efforts to reduce the DSG deficit and it has fallen from £2.814m in 2020/21 to £2.773m at the end of 2021/22. There is a clear Recovery Plan in place, agreed with Schools Forum, to bring the DSG to a surplus by the end of 2023/24.

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



## Housing Revenue Account (HRA)

The HRA is a ringfenced account specifically dealing with the provision of Local Authority housing. At the end of 2021/22, the Council's housing stock comprised of 2,097 properties, most of which are managed and maintained under two Private Finance Initiative (PFI) schemes.

By 31 March 2022, the HRA generated an in-year deficit of £1.429m. After the required technical accounting adjustments, this resulted in an increase of £0.350m to the level of balances. This compared favourably with the original budgeted deficit of £2.151m which was approved at the Budget Council meeting of 4 March 2021. Overall balances have increased from £21.370m to £21.719m and the HRA continues to show a healthy level of resources to support future spending initiatives. There are plans in place to utilise HRA resources to support the delivery of the Councils Housing Strategy up to 2026/27. Details of the HRA are provided in Section 4.1.

## Collection Fund

The Collection Fund is a ringfenced account for the management of Council Tax and Business Rates income for the Council and major preceptors. The year-end Collection Fund position shown below includes a payment towards the Collection Fund Deficit brought forward from 2020/21 totalling £24.755m. The Council's element of that deficit was repaid to the Collection Fund, utilising the Government grants received in 2020/21 and carried forward to help offset this deficit position.

The year-end deficit balance of £9.133m is largely due to the additional reliefs which were awarded to ratepayers in 2021/22 due to the COVID-19 pandemic, primarily the Extended Retail Discount and Nursery Relief, with compensating grant of £8.807m being received by the Council. The Business Rate Relief related deficit will be applied to the General Fund in 2022/23 and matched by carried forward reserves.

The table below summarises the movements in the Collection Fund during 2021/22:

| Collection Fund                               | Council Tax<br>£000 | Business Rates<br>£000 | Total<br>£000   |
|---|---------------------|------------------------|-----------------|
| Balance brought forward                       | 3,446               | 23,766                 | <b>27,212</b>   |
| Prior year estimated surplus released in year | (1,318)             | (23,437)               | <b>(24,755)</b> |
| Deficit for the year                          | 830                 | 5,846                  | <b>6,676</b>    |
| <b>Balance carried forward</b>                | <b>2,958</b>        | <b>6,175</b>           | <b>9,133</b>    |

Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced in 2020/21 giving the ability to smooth the impact of COVID-19 related deficits from 2020/21 over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/22 and 2022/23 budget were prepared using this facility.

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

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

## Reserves and Balances – Financial Resilience

The Statement of Accounts shows balances at the end of 2021/22 of £20.012m. This is an increase of £2.749m which is in line with the risk assessed balance required for 2022/23 as approved at the Council meeting of 2 March 2022. This movement has enhanced the Council's financial resilience for 2022/23 and the period of the Medium Term Financial Strategy.

In addition to the General Fund balances, the level of earmarked General Fund reserves included in the Balance Sheet at £120.150m underpins the financial resilience of the organisation. These reserves are held to manage future risks and expenditure priorities. These are split into Revenue Account Earmarked Reserves of £99.228m and Other Earmarked Reserves of £20.922m. The latter is comprised of Revenue Grant Reserves of £10.731m and Schools Reserves at a net sum of £10.192m. The Revenue Grant Reserve decreased by £9.415m due to COVID-19 grants received in 2020/21 being used during the 2021/22 financial year.

The most significant movement in earmarked reserves was due to the receipt of compensation for lost Collection Fund income at a value of £8.807m (£25.182m in 2020//21). As outlined previously, these funds are to be used to offset the loss of Collection Fund revenue due to the Government introducing Business Rate reliefs after the 2021/22 budget had been set.

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

The level of reserves and balances are a key element in the CIPFA Financial Resilience Index which is explained later in the Narrative Statement

## Treasury Management

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



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



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

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

The Council's Treasury Management Strategy contains a detailed examination of key treasury issues for the year ahead including the Investment and Borrowing strategies and treasury indicators. For 2021/22 the Strategy was approved by Council on 4 March 2021. Treasury management performance is reported to and scrutinised by the Audit Committee and then presented to Cabinet and Council.



**Borrowing** – As at 31 March 2022 the Council had total borrowings (including interest) of £169.797m.



**Investing** – At the end of the financial year the Council had £90.300m of cash investments.

The Council's Investment Strategy set out a Council target for the benchmark average rate of return on its investments. However, this pursuit of a target rate of return, is balanced with the need to maintain sufficient cash reserves for the Council to operate on a day to day basis and the requirement that funds are invested with secure institutions. The table below shows the Council's excellent performance in most durations against the benchmark analysed by the duration of the investment. The benchmark for 2021/22 is based on the London Interbank Bid Rate (LIBID) multiplied by 5%, this benchmark will change from 2022/23 to be measured against the Sterling Overnight Index Average (SONIA). As can be seen in some durations, the LIBID rate was actually negative, but the Council Treasury Management team has managed to keep a positive investment rate for all maturity durations.

|                       | Benchmark LIBID Return % | Actual Return % |
|-----------------------|--------------------------|-----------------|
| 7 Day                 | (0.080%)                 | 0.043%          |
| 1 Month               | (0.062%)                 | 0.199%          |
| 3 Month               | (0.025%)                 | 0.378%          |
| 6 Month               | 0.058%                   | 0.237%          |
| <b>Average Return</b> |                          | <b>0.214%</b>   |
| <b>Target Rate</b>    |                          | <b>(0.027%)</b> |

The Council's investment in the Churches, Charities and Local Authorities (CCLA) Property Fund yielded dividends in year of £0.550m with an average return of 3.83%. This has dropped slightly compared to 2020/21 but continues to provide high returns given the pandemic, but the higher return reflects the long-term nature of the investment. The outlook for investment returns for 2022/23 is that they are likely to increase in line with recent interest rate increases by the Bank of England.

The Treasury Management strategy contains the Council's Minimum Revenue Provision (MRP) Policy Statement for 2021/22. This policy requires the Council to set aside a prudent amount in order to finance the repayment of debt where the Council has borrowed to finance capital expenditure. The MRP policy is set in line with Department for Levelling Up, Communities and Housing (DLUHC) guidance.

### Capital Strategy, Capital Programme, Capital Outturn and Developments in 2021/22

The 2021/22 Capital Strategy and Capital Programme (approved at Council on 4 March 2021) provided the framework within which the Council's capital investment plans were to be delivered during the financial year. The Capital Strategy is presented so that it provides:



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



An overview of how the associated risk is managed.



The implications for future financial sustainability.

The following table shows the approved capital spending plan for 2021/22 and up to the financial year 2025/26.

| Capital Spending                       | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Corporate Services                     | 5,320           | 69              | 69              | 138             | -               |
| Children's Services                    | 6,110           | 13,200          | 13,742          | -               | -               |
| Communities and Reform                 | 637             | -               | -               | -               | -               |
| Community Health and Adult Social Care | 3,409           | 400             | 400             | 1,100           | -               |
| Housing Revenue Account                | 3,412           | 8,127           | 7,914           | 1,150           | -               |
| People and Place                       | 65,671          | 68,158          | 46,093          | 58,665          | 23,558          |
| Funding for Emerging Priorities        | 1,442           | 4,200           | 3,200           | 1,500           | 3,896           |
| <b>Total Expenditure</b>               | <b>86,002</b>   | <b>94,153</b>   | <b>71,418</b>   | <b>62,553</b>   | <b>27,454</b>   |
| <b>Total Funding</b>                   | <b>(86,002)</b> | <b>(94,153)</b> | <b>(71,418)</b> | <b>(62,553)</b> | <b>(27,454)</b> |

The planned spend for the Capital Programme 2021/22 was £86.002m matched by available capital financing. Due to the ongoing impact of the COVID-19 pandemic, it was apparent within the first quarter of 2021/22, that spending plans were not going to be realised in full. The pandemic delayed and halted works on some of the Council's major planned projects. Significant re-profiling of expenditure was therefore undertaken, and this was further refined and continually reassessed throughout in year. The final outturn position for 2021/22 was £76.989m. However, this included the accounting entry of £32.333m relating to the donation of Saddleworth School from the Department of Education. The Council's actual spending was £44.657m. This was a significant reduction compared to the expenditure initially planned as outlined below.

## Capital Outturn

The capital programme was monitored on a monthly basis and was subject to a review (which took place over the summer months of 2021) to identify reprofiling requirements, variances and new funding opportunities. During 2021/22, capital monitoring reports were prepared monthly for month 3 (to 30 June 2020) to month 9 (31 December 2020) which highlighted and sought approval for the reprofiling of the programme (formal reporting to Cabinet was at months 3, 6, 8 and 9 alongside revenue budget monitoring). The capital expenditure incurred during the year compared to the final month 9 forecast is shown in the table below:

| Portfolio                                  | 2021/22<br>Forecast<br>£000 | 2021/22<br>Actuals<br>£000 | Variance<br>£000 |
|--|-----------------------------|----------------------------|------------------|
| Corporate Services                         | 2,196                       | 2,003                      | (193)            |
| Children's Services                        | 12,828                      | 13,104                     | 276              |
| Communities and Reform                     | 15                          | 179                        | 164              |
| Community Health & Adult Social Care       | 1,933                       | 2,439                      | 506              |
| Housing Revenue Account                    | 290                         | 680                        | 390              |
| People and Place                           | 21,447                      | 26,252                     | 4,805            |
| <b>Council's Total Capital Expenditure</b> | <b>38,709</b>               | <b>44,657</b>              | <b>5,948</b>     |
| Children's Services – Donated Asset        | -                           | 32,333                     | 32,333           |
| <b>Total Expenditure</b>                   | <b>38,709</b>               | <b>76,989</b>              | <b>38,280</b>    |

As highlighted above, the Council spent £76.989m against the revised Capital Programme in 2021/22, resulting in a variance of £38.280m compared to month 9. Of the variance £32.333m was due to the required inclusion in the Council's asset register of the new Saddleworth School which was built and mostly funded by the Department of Education. The remaining variance of £5.948m was mostly due to projects moving forward more quickly than anticipated. This required the advancing into 2021/22 of funding that was initially profiled in 2022/23 and future years.

The Capital expenditure for 2021/22 (excluding the donation of Saddleworth School) was financed by Government Grants and Contributions, Capital Receipts, Revenue Contributions (of which £0.912m was from the HRA and £0.054m from the General Fund) as detailed in the table below:

| Financing                         | 2021/22<br>Forecast<br>£000 | 2021/22<br>Actuals<br>£000 | Variance<br>£000 |
|-----------------------------------|-----------------------------|----------------------------|------------------|
| Government Grants & Contributions | 13,688                      | 31,829                     | 18,141           |
| Donated Asset                     | -                           | 32,333                     | 32,333           |
| Capital Receipts                  | 19,188                      | 11,861                     | (7,327)          |
| Revenue Contributions             | 298                         | 966                        | 668              |
| Prudential Borrowing              | 5,535                       | 0                          | (5,535)          |
| <b>Total Financing</b>            | <b>38,709</b>               | <b>76,989</b>              | <b>38,280</b>    |

## Other Achievements in 2021/22

The Narrative Report has highlighted the financial issues impacting on 2021/22, however it is important to reflect on some other achievements as follows:

- In April 2021, over 8,600 young people from across Oldham took part in voting on what they felt was important in their lives and what they thought Members of the Youth Parliament should campaign on for the year ahead. Oldham had a 34.3% turnout, the highest turnout anywhere in the UK.
- In September 2021, members of the Oldham Poverty Truth Commission met for the first time. The Commission brings together residents with experience of poverty with decision makers in the Council and wider partnership, to discuss and understand how poverty shapes lives in Oldham and how services can better support people who are struggling.
- In November 2021, £448,000 was awarded to an exciting new programme from Sport England, funded by the National Lottery, and delivered by the Football Foundation to help specific communities get more active.
- In November 2021, more than 150 people attended adult safeguarding training as part of a programme of events for Adult Safeguarding Week.
- In March 2022, the Oldham Economic Review Board published its findings, providing recommendations that will help create jobs, bring prosperity to the borough and help all residents thrive with the best training and opportunities.
- In March 2022, “Oldham Made” was established in the Spindles shopping centre, a pop-up shop designed to showcase the best locally produced products
- Throughout 2021/22, the Council Leader and Chief Executive held “Big Oldham Conversation” events in every part of the borough, as well as several in the town centre. Hundreds of residents attended these sessions, giving them the opportunity to ask questions and raise issues, as well as hear more about the Council’s plans for the borough.
- The Council ran a holiday activities and food programme for more than 10,000 children and young people in every school holiday since Summer 2021, providing opportunities, food and support, with a particular focus on students entitled to free school meals.
- A focus on fly-tipping enforcement has seen over 200 fines distributed, as well as prosecutions where appropriate, to complement the Don’t Trash Oldham campaign.
- A range of events were put on throughout the year to promote the borough and encourage people to return to the town centres following the pandemic. These include the Live At The Library events, the Reindeer Parade and Illuminate.

## Council Performance

As the Council’s main strategy document, the Corporate Plan/COVID-19 Recovery Strategy plays a key role in shaping the performance management framework for the Council. Performance against priorities within the Corporate Plan is monitored throughout the year by Cabinet.

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

It is important to note that a reduced number of corporate performance indicators were reported upon in the year due to the on-going impact pandemic with a reduced number of indicators.

At the time of finalising the draft Statement of Accounts, the 2021/22 full year Council Performance Report is still being prepared but provisional outturn information advises that;

- 80.9% of the corporate performance measures were achieved or were within an acceptable level of tolerance; and
- 89.2% of corporate actions were on track or completed.

Further details on Quarter 4 performance results will be available when the Council Performance report is presented to Cabinet in June 2022.

### Oldham Councils Response to CIPFA Initiatives

The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code was first issued in 2019/20 with full guidance following in 2020. The objectives of this code are “to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability”. The Code is based upon a series of principles which are supported by specific standards of practice which CIPFA considers necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code. The initial implementation date of 1 April 2020 was revised to 1 April 2021.

The Finance Service undertook work throughout 2021/22 to ensure its compliance with this Code. This was reported by the Director of Finance to the Audit Committee on 17 January 2022 and advised Members that that the Council complied with the key requirements of the Code in the financial year 2021/22. Several improvements were recommended, and these were implemented in the last quarter of 2021/22 with further work continuing in 2022/23.

In response to the challenges being experienced by a number of Local Authorities and to act as an early warning indicator to prompt discussion and action, CIPFA introduced its Financial Resilience Index, the first publication being in December 2019. The level of reserves and balances are a key element in the CIPFA Financial Resilience Index. On 28 January 2022, an updated Financial Resilience Index based on 2020/21 data was issued (the third publication of the Index).

The 2020/21 figures used in the Index were impacted by COVID-19 which in turn, had an influence on the level of reserves. As such, CIPFA indicated that 2021/22 should therefore be used as a “transitional year” for Councils.

The January 2022 Index (in a similar manner to the two previous publications) highlighted that none of the Oldham indicators were considered to be extremely high risk or a cause for immediate concern. Compared to the February 2021 Index, a number of indicators increased in risk, however, when compared to the nearest neighbour Local Authority comparator group, the Council’s level of risk was quite low. As mentioned previously, the data for 2020/21 includes the distorting impact of COVID-19 and therefore it is difficult to make a like for like comparison with the previous year. Despite this, some of the indicators have only risen slightly and therefore it would be expected that these will show reduced risk levels as the impact of COVID-19 begins to subside.

The Index has provided some useful information and confirmed the position that, leading into 2021/22 the Council was financially resilient.

## Financial Planning for 2022/23 and Future Years.

Having considered the outturn for 2021/22, which shows a generally positive position with increased reserves and improved financial resilience, it is important to consider this in the context of 2022/23, for which all the financial planning work was undertaken during 2021/22 informed by the budget monitoring information and the changing Government funding position.

The 2022/23 budget process began with an assessment of the Council's future spending plans balanced against the expected funding from Government, Council Tax and Business Rates.

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



Relevant international, national and regional influences on Oldham Council.



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



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



Key Council policy initiatives.

The budget reduction requirement for future years is presented to Council as part of the budget setting process. For 2022/23, an initial budget reduction requirement of £31.900m was presented at the 2021/22 Budget Council meeting on 4 March 2021.

Whilst estimates were reviewed and amended in year, one of the most important elements when determining revisions to the 2022/23 budget reduction requirement was the impact of Government funding announcements. The Government announced a three year Spending Review on 27 October 2021. Whilst this set out indicative funding levels for the Local Government sector, it was not until the Provisional Local Government Finance Settlement (PLGFS) was issued on 16 December 2021 that the detailed impact could be determined.

Rather than providing funding spanning a three year timeframe, only a one-year settlement was provided by the PLGFS. It was the fourth consecutive one-year Local Government Finance Settlement. Therefore, Oldham Council was not able to prepare a Medium Term Financial Strategy (MTFS) with firm funding allocations meaning the MTFS had to remain indicative.

The Final Local Government Finance Settlement was issued on 7 February 2022 which in the main, confirmed the information in the Provisional Settlement.

Taking into account all local information and grant funding allocations, there was a net reduction in the budget reduction requirement of £7.496m to give a revised budget gap of £24.404m. However, after incorporating the impact of the technical adjustment for Business Rates reliefs (as in 2021/22), the budget gap increased to £37.496m.

During the budget setting process for 2021/22, a number of budget reduction proposals were approved that would also have an impact on 2022/23 budgets. However, following an updated assessment of deliverability, these budget reductions were subsequently reduced from £6.050m to £5.467m. Once the £5.467m was taken into account, this reduced the budget reduction requirement from £37.496m to £32.029m.



Throughout 2021/22, via the established budget review forum, the Council considered how services could be re-shaped to address the evolving budget gap. A total of 53 budget reduction proposals with a recurrent value of £6.268m were approved by Council on 2 March 2022 alongside an additional measure of using the Flexible use of Capital Receipts (£2.500m). Following these movements, a gap of £23.261m remained which was balanced by a net use Earmarked Reserves at a net value of £10.169m and finally through the use of Section 31 grant compensation for the Business Rates Relief impact on the Collection Fund and held as an Earmarked Reserve (£13.092m). As advised earlier, this grant compensation has been revised at outturn to £8.807m.

The following table shows the balancing of the 2022/23 budget and the potential budget reduction target remaining for the MTFs period 2023/24 to 2026/27. The targets reflect the one-off measures used to balance 2022/23 and expected for 2023/24 and 2024/25.

| <b>Forecast Budget Reduction Target<br/>2022/23 to 2026/27</b> | <b>2022/23<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Budget Reduction Requirement                                   | 37,496                  | 29,528                  | 13,499                  | 8,687                   | 5,682                   |
| Budget Reductions approved in 2021/22                          | (5,467)                 | (4,922)                 | (300)                   | (303)                   | -                       |
| Recurrent Savings  | (6,268)                 | (1,895)                 | (1,150)                 | -                       | -                       |
| Flexible Use of Capital Receipts                               | (2,500)                 | -                       | -                       | -                       | -                       |
| Use of Specific Earmarked Reserves                             | (1,805)                 | -                       | (1,432)                 | -                       | -                       |
| Use of Corporate Earmarked Reserves                            | (10,074)                | (6,000)                 | (2,500)                 | -                       | -                       |
| Transfer to Reserves - GMCA 100%                               | 1,710                   | -                       | -                       | -                       | -                       |
| Business Rates Retention Pilot Gain                            | -                       | -                       | -                       | -                       | -                       |
| Collection Fund Deficit/Reserves<br>(estimate)                 | (13,092)                | -                       | -                       | -                       | -                       |
| <b>Forecast Budget Reduction<br/>Requirement</b>               | <b>-</b>                | <b>16,711</b>           | <b>8,117</b>            | <b>8,384</b>            | <b>5,682</b>            |

The Council has been developing and implementing transformational change to address its budget challenges for a number of years. Whilst there was a delay to the transformation programme due to the pandemic, the MTFs is based on the development of a revised programme. However, given the extent of the budget gaps, the use of corporate reserves has been phased to 2024/25 to enable the delivery of:

- Savings arising from the approved budget reduction proposals which have an impact in future years;
- The next phases of the agenda for transformational change.

The Council's approach to balancing its budget is to take forward the next phase of its transformation programme based upon the Delivering a Sustainable Future (DaSF) concept and shape programme supported by appropriate investment which will aim to deliver long-term recurring savings whilst improving the efficiency of service delivery. The following DaSF core themes are summarised below:

- Enablers for Transformation
- Placed Based Integration/ Communities
- Children's Transformation Programme
- Adult Social Care Transformation Programme including Health and Care Integration
- Economy and Public Realm (including the Creating a Better Place Strategy)

Clearly the Council still has much to do to balance its budgets in future years made difficult by the uncertainty around the future funding for the sector and the legacy impact COVID-19 on service provision.

## Corporate Risks

The Council has an embedded process to manage risks and assist in the achievement of its objectives, alongside national and local performance targets. The Council refreshed its Risk Management Strategy and Framework at the 16 December 2019 Cabinet after scrutiny at the Audit Committee of 14 November 2019. This was refreshed under delegation on 29 July 2021 and updated the approach to support the production of service business plans. Risk Management is incorporated into the Business Planning Process with all risks reviewed and monitored quarterly.

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

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

- The internal control environment on Adult Social Care systems which did not sustain the improvements in the financial year 2021/22 for the fourth successive year compared to 2017/18. Issues identified in the 2021/22 internal audits will need to be implemented as a priority to improve internal control;
- Future changes to the Council's financial resilience due to uncertainty and matters outside of the Council's control such as the residual impact of Brexit, the longer-term costs of the COVID-19 pandemic, the future level of Government support for areas of high deprivation identified through the Levelling Up Agenda, planned reforms to Adult Social Care and the cost of living pressures which impact on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings by transformation may continue to be constrained by the events outside its direct control;
- The key regeneration projects which the Council has planned for the future as detailed in the Creating A Better Place Programme. Should one of these high-profile projects not be delivered as planned it is likely to result in reputational damage and increase the financial pressure. This is more challenging in 2022/23 due to the recent developments in the construction market where the inflationary pressures on construction contracts are increasing and insurance can be difficult to obtain;
- The audit opinion of the internal control environment for the operation of payroll including pension's administration which as of 31 March 2022 continued to improve with the opinion upgraded to "adequate" at the year-end. The system requires these improvements to be maintained in the financial year 2022/23 and as previous practice indicates, improvements in the internal control system may not be maintained;
- The continued compliance with the National Transparency Agenda which has increased the risk to the Council of a future fraud enhanced by the COVID-19 pandemic. Information included in the public domain and obtained under Freedom of Information Requests may be used to exploit the Council;
- The future reforms to health integration do not result in the efficiencies anticipated due to increased demand caused by a number of factors including the residual impact of the pandemic;
- The present contractual arrangements with a number of key suppliers need to be reviewed and better documented. This would enable any amendments required in a future emergency to be minimised;
- There are outstanding legal matters linked into ongoing action against other Local Authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact;
- In order to comply with the Council's deadline of submitting the accounts by 31 May 2022 it will be necessary to submit the valuation of infrastructure assets using the method used to close the 2020/21 accounts. There is an ongoing consultation about the methodology for future valuation of such assets which has the potential to require the 2021/22 accounts to be restated.

## **Main Changes to the Statements and Significant Transactions in 2021/22**

The actuarial valuation of the Council's pension scheme liabilities shown on the Balance Sheet has decreased by £148.146m during the year. This is a result of the changes in the financial assumptions used by the pension fund Actuary (Hymans-Robertson). These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation.

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting 2021/22 and the CIPFA Bulletin 10 Closure of the 2021/22 Financial Statements issued in April 2022 to produce its 2021/22 Statement of Accounts. However, the Council has continued its policy of diverging from the Code in relation to the accounting treatment for the depreciation charge against Housing Revenue Account (HRA) dwellings. Details are provided in Section 4.1 of the Accounts. The Council's management believes that this alternative treatment is required in order to present a true and fair view of the financial position of the Council's HRA.

## **Basis of Preparation and Presentation of the Accounts**

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

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

The assessment of materiality also influences the Council's decision to produce Group Accounts. Each year the Council assesses the entities it exerts control or significant influence over to identify which fall within the group boundary. If the value of transactions for the group as a whole is material, Group Accounts are produced. The accounts for 2021/22 therefore consolidate MioCare Community Interest Company, the Unity Partnership Ltd and the Meridian Group into the Councils' Group Accounts, following the Council becoming the only shareholder in the Meridian Group during 2021/22.

## Explanation of the Statements to the Accounts

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

**Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Authority and the Chief Financial 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 (this Report is not included in the draft accounts).

### **Financial Statements**

- **Comprehensive Income and Expenditure Statement (CIES)** shows the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIES provides an analysis by Portfolio and reflects the Council's local reporting format. The bottom half of the statement deals with corporate transactions and funding.
- **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.
- **Balance Sheet** shows the value of the Council's assets, liabilities and reserves at a point in time.
- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to day to day running of the Council (operating activities), investing activities or financing activities.
- **Housing Revenue Account (HRA)** shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices.
- **Collection Fund Statement** shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies. For Oldham, the Council Tax precepts payable are for the Mayoral Police and Crime Commissioner precept and the Mayoral General precept (including Fire & Rescue Services).
- **Group Accounts** show the group position of the Council and its material subsidiaries. The Council considers the Group Statements to be of equal prominence to the single entity statements.

### Receipt of Further Information

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

### Acknowledgements

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

*A. T. Ryans*

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

DRAFT

## 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

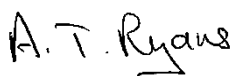
The Director of Finance is responsible for the preparation of Oldham Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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 2022 and its income and expenditure for the year then ended.



**Anne Ryans, BA (Hons) FCPFA**

Director of Finance, Section 151 Officer.

Dated: 31/05/2022

#### 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 (TBC)

Chair of Audit Committee

Dated:

## 2.2 Auditors Report

To be provided by the Council's External Auditors, Mazars LLP, on completion of the 2021/22 audit process.

DRAFT

# Financial Statements and Explanatory Notes



### 3.1 Comprehensive Income and Expenditure Statement (CIES)

The Council restated the Comprehensive Income & Expenditure Statement for 2020/21. The 2020/21 Cost of Services figures are presented in the 2021/22 reporting structure to enable a comparison between the years.

| 2020/21 - Restated        |                      |                         |  | Note | 2021/22                   |                      |                         |
|---------------------------|----------------------|-------------------------|--|------|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |  |      | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 24,697                    | (8,496)              | 16,201                  | Chief Executive  |      | 23,616                    | (8,490)              | 15,127                  |
| 756                       | (268)                | 488                     | Commissioning  |      | 741                       | (400)                | 341                     |
| 77,596                    | (25,949)             | 51,647                  | People and Place   |      | 88,034                    | (33,662)             | 54,372                  |
| 267,660                   | (192,339)            | 75,321                  | Children's Services  |      | 291,605                   | (205,099)            | 86,506                  |
| 118,885                   | (63,627)             | 55,258                  | Community Health and Adult Social Care   |      | 122,542                   | (49,055)             | 73,487                  |
| 52,714                    | (18,150)             | 34,564                  | Communities and Reform   |      | 55,644                    | (14,039)             | 41,605                  |
| 46,596                    | (51,188)             | (4,592)                 | Capital, Treasury and Technical Accounting   |      | 37,705                    | (44,550)             | (6,845)                 |
| 6,731                     | -                    | 6,731                   | Corporate and Democratic Core  |      | 6,815                     | -                    | 6,815                   |
| 15,637                    | (28,636)             | (12,999)                | Housing Revenue Account  |      | 19,820                    | (28,738)             | (8,918)                 |
| <b>611,272</b>            | <b>(388,653)</b>     | <b>222,619</b>          | <b>Cost of Services</b>  |      | <b>646,522</b>            | <b>(384,032)</b>     | <b>262,490</b>          |
|                           |                      |                         | Other Operating Expenditure:   |      |                           |                      |                         |
|                           |                      | 291                     | Parish Council precepts  |      |                           |                      | 300                     |
|                           |                      | -                       | Payments of housing capital receipts to Government pool  |      |                           |                      | 392                     |
|                           |                      | 33,591                  | Levies   | 12   |                           |                      | 33,089                  |
|                           |                      | (1,352)                 | (Gains)/losses on the disposal of non-current assets   |      |                           |                      | (2,013)                 |
|                           |                      | <b>32,530</b>           | <b>Total Other Operating Expenditure</b>   |      |                           |                      | <b>31,768</b>           |
|                           |                      | 32,941                  | Financing and Investment Income and Expenditure  | 3    |                           |                      | 27,354                  |
|                           |                      | (286,567)               | Taxation and Non-Specific Grant Income   | 4    |                           |                      | (313,352)               |
|                           |                      | <b>1,522</b>            | <b>(Surplus) or Deficit on Provision of Services</b>   |      |                           |                      | <b>8,259</b>            |
|                           |                      | (21,818)                | Other Comprehensive Income and Expenditure   |      |                           |                      |                         |
|                           |                      | 190                     | Revaluation (gains)/losses non-current assets  | 16a  |                           |                      | (49,920)                |
|                           |                      | (1,893)                 | Impairment losses on non-current assets  | 16a  |                           |                      | 1,260                   |
|                           |                      | 134,528                 | (Surplus) or deficit on Financial Assets measured at Fair Value through Other Comprehensive Income |      |                           |                      | (500)                   |
|                           |                      | 111,007                 | Remeasurement of net defined benefit liability   | 30   |                           |                      | (198,460)               |
|                           |                      | <b>112,530</b>          | <b>Total Other Comprehensive Income and Expenditure</b>  |      |                           |                      | <b>(247,620)</b>        |
|                           |                      |                         | <b>Total Comprehensive Income and Expenditure</b>  |      |                           |                      | <b>(239,361)</b>        |

### 3.2 Movement in Reserves Statement

| 2021/22  | Note | Usable Reserves      |                                 |                            |                         |                         |                       |                          |                      | Unusable Reserves | Total Reserves   |
|--|------|----------------------|---------------------------------|----------------------------|-------------------------|-------------------------|-----------------------|--------------------------|----------------------|-------------------|------------------|
|  |      | General Fund Balance | Earmarked General Fund Reserves | Total General Fund Balance | Housing Revenue Account | Usable Capital Receipts | Major Repairs Reserve | Capital Grants Unapplied | Total Usable Reserve |                   |                  |
|  |      | £000                 | £000                            | £000                       | £000                    | £000                    | £000                  | £000                     | £000                 | £000              | £000             |
| <b>Balance at 1 April Brought Forward</b>                                |      | (17,263)             | (142,964)                       | (160,227)                  | (21,371)                | -                       | (806)                 | (20,651)                 | (203,055)            | 148,524           | (54,531)         |
| <b>Movement in reserves during 2021/22</b>                               |      |                      |                                 | -                          |                         |                         |                       |                          | -                    |                   | -                |
| Total Comprehensive Income and Expenditure                               |      | 6,830                | -                               | 6,830                      | 1,429                   | -                       | -                     | -                        | 8,259                | (247,620)         | (239,361)        |
| Adjustments between accounting basis and funding basis under regulations | 14   | 13,235               | -                               | 13,235                     | (1,779)                 | -                       | (78)                  | 4,704                    | 16,082               | (16,082)          | -                |
| <b>Net (increase)/decrease before transfers to Earmarked Reserves</b>    |      | <b>20,065</b>        | <b>-</b>                        | <b>20,065</b>              | <b>(350)</b>            | <b>-</b>                | <b>(78)</b>           | <b>4,704</b>             | <b>24,341</b>        | <b>(263,702)</b>  | <b>(239,361)</b> |
| Transfers to/from Earmarked Reserves                                     | 15   | (22,814)             | 22,814                          | -                          | -                       | -                       | -                     | -                        | -                    | -                 | -                |
| <b>(Increase)/Decrease in Year</b>                                       |      | <b>(2,749)</b>       | <b>22,814</b>                   | <b>20,065</b>              | <b>(350)</b>            | <b>-</b>                | <b>(78)</b>           | <b>4,704</b>             | <b>24,341</b>        | <b>(263,702)</b>  | <b>(239,361)</b> |
| <b>Balance at 31 March carried forward</b>                               |      | <b>(20,012)</b>      | <b>(120,150)</b>                | <b>(140,161)</b>           | <b>(21,721)</b>         | <b>-</b>                | <b>(884)</b>          | <b>(15,947)</b>          | <b>(178,714)</b>     | <b>(115,178)</b>  | <b>(293,892)</b> |

| 2020/21   | Note | Usable Reserves      |                                 |                            |                         |                         |                       |                          |                      | Unusable Reserves | Total Reserves   |
|---|------|----------------------|---------------------------------|----------------------------|-------------------------|-------------------------|-----------------------|--------------------------|----------------------|-------------------|------------------|
|   |      | General Fund Balance | Earmarked General Fund Reserves | Total General Fund Balance | Housing Revenue Account | Usable Capital Receipts | Major Repairs Reserve | Capital Grants Unapplied | Total Usable Reserve |                   |                  |
|   |      | £000                 | £000                            | £000                       | £000                    | £000                    | £000                  | £000                     | £000                 |                   |                  |
| <b>Balance at 1 April Brought Forward</b>                                     |      | (15,110)             | (87,865)                        | <b>(102,975)</b>           | (21,796)                | -                       | (726)                 | (21,018)                 | <b>(146,515)</b>     | (20,546)          | <b>(167,061)</b> |
| Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020 |      | -                    | (4,916)                         | <b>(4,916)</b>             | -                       | -                       | -                     | -                        | <b>(4,916)</b>       | 4,916             | -                |
| <b>Restated Balance at 1 April 2020</b>                                       |      | (15,110)             | (92,781)                        | <b>(107,891)</b>           | (21,796)                | -                       | (726)                 | (21,018)                 | <b>(151,431)</b>     | (15,630)          | <b>(167,061)</b> |
| <b>Movement in reserves during 2020/21</b>                                    |      |                      |                                 | -                          |                         |                         |                       |                          | -                    |                   | -                |
| Total Comprehensive Income and Expenditure                                    |      | 3,785                | -                               | <b>3,785</b>               | (2,263)                 | -                       | -                     | -                        | <b>1,522</b>         | 111,008           | <b>112,530</b>   |
| Adjustments between accounting basis and funding basis under regulations      | 14   | (56,121)             | -                               | <b>(56,121)</b>            | 2,688                   | -                       | (80)                  | 367                      | <b>(53,146)</b>      | 53,146            | -                |
| <b>Net (increase)/decrease before transfers to Earmarked Reserves</b>         |      | <b>(52,336)</b>      | -                               | <b>(52,336)</b>            | <b>425</b>              | -                       | <b>(80)</b>           | <b>367</b>               | <b>(51,624)</b>      | <b>164,154</b>    | <b>112,530</b>   |
| Transfers to/from Earmarked Reserves  | 15   | 50,183               | (50,183)                        | -                          | -                       | -                       | -                     | -                        | -                    | -                 | -                |
| <b>(Increase)/Decrease in Year</b>  |      | <b>(2,153)</b>       | <b>(50,183)</b>                 | <b>(52,336)</b>            | <b>425</b>              | -                       | <b>(80)</b>           | <b>367</b>               | <b>(51,624)</b>      | <b>164,154</b>    | <b>112,530</b>   |
| <b>Balance at 31 March carried forward</b>                                    |      | <b>(17,263)</b>      | <b>(142,964)</b>                | <b>(160,227)</b>           | <b>(21,371)</b>         | -                       | <b>(806)</b>          | <b>(20,651)</b>          | <b>(203,055)</b>     | <b>148,524</b>    | <b>(54,531)</b>  |

### 3.3 Balance Sheet

| 31 March<br>2021<br>£000 |   | Note    | 31 March<br>2022<br>£000 |
|--------------------------|---|---------|--------------------------|
| 754,458                  | Property Plant & Equipment              | 17      | 805,871                  |
| 19,770                   | Heritage Assets                         | 18      | 19,770                   |
| 18,817                   | Investment Property                     | 19      | 19,801                   |
| 4,271                    | Intangible Assets                       |         | 5,780                    |
| 55,615                   | Long-term Investments                   | 21      | 57,884                   |
| 35,034                   | Long-term Debtors                       | 22      | 38,235                   |
| <b>887,965</b>           | <b>Long-term Assets</b>                 |         | <b>947,341</b>           |
| 40,671                   | Short-term Investments                  | 21      | 27,676                   |
| 517                      | Inventories                             |         | 533                      |
| 49,662                   | Short-term Debtors                      | 22      | 50,262                   |
| 21,597                   | Cash & Cash Equivalents                 | 23      | 57,854                   |
| 568                      | Assets Held For Sale (less than 1 year) |         | 1,745                    |
| <b>113,015</b>           | <b>Current Assets</b>                   |         | <b>138,070</b>           |
| (6,697)                  | Short-term Borrowing                    | 21      | (8,293)                  |
| (76,164)                 | Short-term Creditors                    | 24      | (91,314)                 |
| (9,761)                  | Short-term Provisions                   | 25      | (10,155)                 |
|                          | Short-term Liabilities                  |         |                          |
| (9,746)                  | - Private Finance Initiatives           | 21,28   | (8,959)                  |
| (302)                    | - Finance Leases                        |         | (315)                    |
| (1,180)                  | - Transferred Debt                      |         | (6)                      |
| <b>(103,850)</b>         | <b>Current Liabilities</b>              |         | <b>(119,042)</b>         |
| (15,666)                 | Long-term Provisions                    | 25      | (9,543)                  |
| (168,355)                | Long-term Borrowing                     | 21      | (161,504)                |
|                          | Other Long-term Liabilities             |         |                          |
| (444,288)                | - Pension Liabilities                   | 30      | (296,142)                |
| (212,785)                | - Private Finance Initiatives           | 21,28   | (203,826)                |
| (349)                    | - Finance Leases                        |         | (303)                    |
| (44)                     | - Transferred Debt                      |         | (38)                     |
| (17)                     | - Deferred Credits                      |         | (17)                     |
| (1,095)                  | Capital Grants Receipts In Advance      |         | (1,104)                  |
| <b>(842,599)</b>         | <b>Long-term Liabilities</b>            |         | <b>(672,477)</b>         |
| <b>54,531</b>            | <b>Net Assets</b>                       |         | <b>293,892</b>           |
| (203,055)                | Usable Reserves                         | MiRS    | (178,714)                |
| 148,524                  | Unusable Reserves                       | MiRS,16 | (115,178)                |
| <b>(54,531)</b>          | <b>Total Reserves</b>                   |         | <b>(293,892)</b>         |

### 3.4 Cash Flow Statement

|  | Notes | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-------|-----------------|-----------------|
| Net deficit on the provision of services   |       | (1,522)         | (8,259)         |
| Adjustment to surplus or deficit on the provision of services for non-cash movements   | 31    | 32,125          | 108,400         |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 31    | (23,533)        | (70,906)        |
| <b>Net cash flows from operating activities</b>  |       | <b>7,070</b>    | <b>29,235</b>   |
| Net Cash flows from Investing Activities   | 32    | (35,274)        | 20,125          |
| Net Cash flows from Financing Activities   | 33    | (10,097)        | (13,103)        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  |       | <b>(38,301)</b> | <b>36,257</b>   |
| Cash and cash equivalents at the beginning of the reporting period   |       | 59,898          | 21,597          |
| <b>Cash and cash equivalents at the end of the reporting period</b>  |       | <b>21,597</b>   | <b>57,854</b>   |

DRAFT

### 3.5 Index of Explanatory Notes to the Accounts

| Note No. | Note  | Page |
|----------|---|------|
| 1        | Expenditure and Funding Analysis  | 63   |
| 2        | Expenditure and Income Analysed by Nature   | 70   |
| 3        | Financing and Investment Income and Expenditure                                     | 70   |
| 4        | Taxation and Non-Specific Grant Income  | 71   |
| 5        | Grant Income Credited to Services   | 71   |
| 6        | Dedicated Schools Grant (DSG)   | 72   |
| 7        | Material Items of Income and Expenditure  | 73   |
| 8        | Members' Allowances   | 73   |
| 9        | Officers' Remuneration  | 74   |
| 10       | External Audit Costs  | 77   |
| 11       | Pooled Funds  | 77   |
| 12       | Related Parties   | 79   |
| 13       | Leases  | 82   |
| 14       | Adjustments Between Accounting Basis and Funding Basis Under Regulations            | 82   |
| 15       | Earmarked Reserves  | 85   |
| 16       | Unusable Reserves   | 88   |
| 17       | Property, Plant and Equipment   | 93   |
| 18       | Heritage Assets   | 96   |
| 19       | Investment Properties   | 98   |
| 20       | Capital Expenditure and Capital Financing   | 99   |
| 21       | Financial Instruments   | 100  |
| 22       | Debtors   | 115  |
| 23       | Cash and Cash Equivalents   | 115  |
| 24       | Creditors   | 116  |
| 25       | Provisions  | 116  |
| 26       | Contingent Assets   | 117  |
| 27       | Contingent Liabilities  | 117  |
| 28       | PFI and Similar Contracts   | 118  |
| 29       | Pension Schemes Accounted for as Defined Contribution Schemes                       | 125  |
| 30       | Defined Benefit Pension Schemes   | 125  |
| 31       | Cash Flow Statement - Operating Activities  | 130  |
| 32       | Cash Flow Statement - Investing Activities  | 130  |
| 33       | Cash Flow Statement - Financing Activities  | 131  |
| 34       | Accounting Policies   | 132  |
| 35       | Accounting Standards Issued, Not Adopted  | 146  |
| 36       | Critical Judgements in Applying Accounting Policies                                 | 147  |
| 37       | Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty | 149  |
| 38       | Events after the Reporting Period   | 151  |

## 3.6 Explanatory Notes to the Financial Statements

### Introduction

The Financial Statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and the Accounting Policies set out in Note 34. The Notes that follow (1 to 38) set out explanatory information for readers of the accounts.

#### 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2021/22 (i.e. Government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practice (GAAP). The Expenditure and Funding analysis also shows how this expenditure is allocated for decision making purposes between the Council's Portfolios. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

DRAFT

1a. Expenditure and Funding Analysis

| 2021/22                                    | As reported for resource management (including HRA) | Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|--|---|--|---|
| Portfolio                                  | £000  | £000   | £000  | £000   | £000  |
| Chief Executive                            | 9,727   | 2,642  | 12,369  | 2,758  | 15,127  |
| Commissioning                              | 341   | (102)  | 239   | 102  | 341   |
| People and Place                           | 93,012  | (68,666)   | 24,346  | 30,026   | 54,372  |
| Children's Services                        | 97,009  | (39,405)   | 57,604  | 28,902   | 86,506  |
| Community Services & Adult Social Care     | 79,759  | (11,669)   | 68,090  | 5,397  | 73,487  |
| Communities and Reform                     | 39,439  | (5,861)  | 33,578  | 8,027  | 41,605  |
| Capital, Treasury and Technical Accounting | 26,513  | 35,492   | 62,005  | (68,851)   | (6,846)   |
| Corporate and Democratic Core              | 6,815   | 0  | 6,815   | 0  | 6,815   |
| Central Services                           | (42,012)  | 42,012   | 0   | 0  | 0   |
| Housing Revenue Account                    | 0   | (10,697)   | (10,697)  | 1,779  | (8,918)   |
| <b>Net cost of services</b>                | <b>310,603</b>                                      | <b>(56,254)</b>  | <b>254,349</b>  | <b>8,140</b>                                     | <b>262,489</b>  |
| Other income and expenditure               | (313,352)   | 78,718   | (234,634)   | (19,596)   | (254,230)   |
| <b>(Surplus) or Deficit</b>                | <b>(2,749)</b>                                      | <b>22,464</b>  | <b>19,715</b>   | <b>(11,456)</b>                                  | <b>8,259</b>  |



The table below shows the comparative information for 2020/21

| 2020/21 - Restated                         | As reported for resource management (including HRA) | Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments between Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|--|---|--|---|
| Portfolio                                  | £000  | £000   | £000  | £000   | £000  |
| Chief Executive                            | 19,409  | (4,597)  | 14,812  | 1,389  | 16,201  |
| Commissioning                              | 488   | (30)   | 458   | 30   | 488   |
| People and Place                           | 92,373  | (63,882)   | 28,491  | 23,157   | 51,648  |
| Children's Services                        | 89,772  | (35,534)   | 54,238  | 21,083   | 75,321  |
| Community Services & Adult Social Care     | 67,575  | (16,293)   | 51,282  | 3,975  | 55,257  |
| Communities and Reform                     | 42,626  | (15,446)   | 27,180  | 7,384  | 34,564  |
| Capital, Treasury and Technical Accounting | (27,563)  | 52,966   | 25,403  | (29,995)   | (4,592)   |
| Corporate and Democratic Core              | 6,731   | 0  | 6,731   | 0  | 6,731   |
| Central Services                           | (6,996)   | 6,996  | 0   | 0  | 0   |
| Housing Revenue Account                    | 0   | (10,311)   | (10,311)  | (2,688)  | (12,999)  |
| <b>Net cost of services</b>                | <b>284,415</b>                                      | <b>(86,131)</b>  | <b>198,284</b>  | <b>24,335</b>                                    | <b>222,619</b>  |
| Other income and expenditure               | (286,567)   | 36,373   | (250,194)   | 29,098   | (221,096)   |
| <b>(Surplus) or Deficit</b>                | <b>(2,152)</b>                                      | <b>(49,758)</b>  | <b>(51,910)</b>   | <b>53,433</b>                                    | <b>1,522</b>  |

The table below reconciles between the opening and closing balances of the General Fund (including Earmarked Reserves) and Housing Revenue Account (HRA) balances.

During the financial year 2020/21, the Department of Levelling Up, Housing and Communities previously Ministry of Housing Communities and Local Government (MHCLG) laid before Parliament a statutory instrument establishing new accounting practices in relation to the treatment of local authorities' school's budget deficits such that where the Council has a deficit on its school's budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021, or 1 April 2022, it must not charge the amount of that deficit to a revenue account. The Council has therefore recorded such a deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The £4.916m shown in 2020/21 is the movement of the closing school's deficit from 2019/20. Additional information on the movements in General Fund and HRA balances can be found on the Movement in Reserves Statement.

| Movement in General Fund and HRA Balance  | 2020/21<br>£000  | 2021/22<br>£000  |
|---|------------------|------------------|
| Opening General Fund and HRA Balance as at 1 April  | (124,771)        | (181,598)        |
| Add new statutory accounting practices in relation to the treatment of local authorities' schools budget deficits | (4,916)          | -                |
| Add (Surplus)/Deficit on General Fund and HRA Balance in Year   | (51,911)         | 19,715           |
| <b>Closing General Fund and HRA Balance as at 31 March</b>  | <b>(181,598)</b> | <b>(161,883)</b> |

## 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 2021/22 |  |                             |                        |
|---|---------------------------|------------------------|--|--|--|-----------------------------|------------------------|
|   | 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   | 5,050                     | (2,408)                | 2,642  | -  | 2,758  | -                           | 2,758                  |
| Commissioning   | -                         | (102)                  | (102)  | -  | 102  | -                           | 102                    |
| People and Place  | 726                       | (69,392)               | (68,666)   | 23,956   | 7,979  | (1,909)                     | 30,026                 |
| Children's Services   | (1,727)                   | (37,678)               | (39,405)   | 23,457   | 8,787  | (3,342)                     | 28,902                 |
| Community Health & Adult Social Care  | (6,273)                   | (5,396)                | (11,669)   | 2,549  | 2,848  | -                           | 5,397                  |
| Communities and Reform  | 3,014                     | (8,875)                | (5,861)  | 4,745  | 4,042  | (760)                       | 8,027                  |
| Capital, Treasury and Technical Accounting  | (19,988)                  | 55,482                 | 35,494   | (4,892)  | 8,223  | (72,182)                    | (68,851)               |
| Corporate and Democratic Core   | -                         | -                      | -  | -  | -  | -                           | -                      |
| Central Services  | 42,012                    | -                      | 42,012   | -  | -  | -                           | -                      |
| Housing Revenue Account   | (350)                     | (10,349)               | (10,699)   | 7,575  | -  | (5,796)                     | 1,779                  |
| <b>Net cost of services</b>   | <b>22,464</b>             | <b>(78,718)</b>        | <b>(56,254)</b>  | <b>57,390</b>  | <b>34,739</b>                                | <b>(83,989)</b>             | <b>8,140</b>           |
| Other income and expenditure from the Expenditure and Funding Analysis  | -                         | 78,718                 | 78,718   | -  | -  | (19,596)                    | (19,596)               |
| <b>Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit</b> | <b>22,464</b>             | <b>-</b>               | <b>22,464</b>  | <b>57,390</b>  | <b>34,739</b>                                | <b>(103,585)</b>            | <b>(11,456)</b>        |

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement - Restated                      |                              |                           |   | Adjustments between Accounting Basis and Funding Basis<br>2020/21 - Restated |  |                                   |                           |
|---|------------------------------|---------------------------|---|--|--|-----------------------------------|---------------------------|
|   | Movement in Reserves<br>£000 | Other Adjustments<br>£000 | Total to arrive at amount charged to the General Fund & HRA<br>£000 | Adjustment for capital purposes<br>(i & ii)<br>£000                          | Net change for pension adjustment<br>(iii)<br>£000 | Other Differences<br>(iv)<br>£000 | Total Adjustments<br>£000 |
| Chief Executive   | (2,804)                      | (1,793)                   | (4,597)   | 448  | 941  | -                                 | 768                       |
| Commissioning   | (7,155)                      | 7,125                     | (30)  | -  | 30   | -                                 | 665                       |
| People and Place  | (983)                        | (62,899)                  | (63,882)  | 22,495   | 2,640  | (1,979)                           | 23,165                    |
| Children's Services   | (4,669)                      | (30,865)                  | (35,534)  | 21,836   | 2,741  | (3,494)                           | 21,074                    |
| Community Health & Adult Social Care  | -                            | (16,293)                  | (16,293)  | 3,021  | 955  | -                                 | 3,975                     |
| Communities and Reform  | (12,317)                     | (3,129)                   | (15,446)  | 6,858  | 1,196  | (670)                             | 7,384                     |
| Capital Treasury and Technical Accounting   | (29,251)                     | 82,216                    | 52,964  | (605)  | 7,537  | (36,926)                          | (30,009)                  |
| Corporate and Democratic Core   | -                            | -                         | -   | -  | -  | -                                 | -                         |
| Central Services  | 6,996                        | -                         | 6,996   | -  | -  | -                                 | -                         |
| Housing Revenue Account   | 425                          | (10,736)                  | (10,311)  | 5,225  | -  | (7,912)                           | (2,687)                   |
| <b>Net cost of services</b>   | <b>(49,758)</b>              | <b>(36,373)</b>           | <b>(86,131)</b>   | <b>59,277</b>  | <b>16,041</b>                                      | <b>(50,983)</b>                   | <b>24,335</b>             |
| Other income and expenditure from the Expenditure and Funding Analysis  | -                            | 36,373                    | 36,373  | -  | -  | 29,098                            | 29,098                    |
| <b>Difference between General Fund (surplus)/deficit and Comprehensive Income and Expenditure Statement (surplus)/deficit</b> | <b>(49,758)</b>              | <b>-</b>                  | <b>(49,758)</b>   | <b>59,277</b>  | <b>16,041</b>                                      | <b>(21,885)</b>                   | <b>53,433</b>             |

### (i) Adjustments for Depreciation/Rental Income

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

### (ii) Adjustments for Capital Purposes

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

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Finance and investment income and expenditure** – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under Generally Accepted Accounting Practices (GAAP).
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

### (iii) Net Change for Pension Adjustments

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

- **For the net cost of services** – the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

### (iv) Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- **For financing and investment income and expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts for Long-term Borrowing.
- **For taxation and non-specific grant income** - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates to that which was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

## 2. Expenditure and Income Analysed by Nature

|   | 2020/21<br>£000  | 2021/22<br>£000  |
|---|------------------|------------------|
| <b>Expenditure</b>                            |                  |                  |
| Employee Benefit Expenses                     | 207,494          | 223,590          |
| Other services expenses                       | 363,444          | 372,412          |
| Depreciation, amortisation and impairment     | 44,858           | 51,245           |
| Interest payments                             | 35,184           | 35,974           |
| Precepts and levies                           | 33,881           | 33,389           |
| Payments to the housing capital receipts pool | -                | 392              |
| Gain on the disposal of assets                | (1,352)          | (2,013)          |
| Movement on Pooled Investment Funds           | 102              | (2,485)          |
| <b>Total expenditure</b>                      | <b>683,611</b>   | <b>712,504</b>   |
| <b>Income</b>                                 |                  |                  |
| Fees, charges and other service income        | (72,931)         | (83,752)         |
| Interest and investment income                | (4,116)          | (3,967)          |
| Income from Council Tax and Business Rates    | (121,901)        | (143,526)        |
| Government grants and contributions           | (432,999)        | (440,085)        |
| Other revenue receipts                        | (50,142)         | (32,915)         |
| <b>Total income</b>                           | <b>(682,089)</b> | <b>(704,245)</b> |
| <b>Deficit on the Provision of Services</b>   | <b>1,522</b>     | <b>8,259</b>     |

## 3. Financing and Investment Income and Expenditure

|   | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|
| Interest payable and similar charges  | 27,430          | 26,677          |
| Net interest on the net defined benefit liability   | 7,754           | 9,297           |
| Interest receivable and similar income  | (3,166)         | (3,417)         |
| Income and expenditure in relation to investment properties and changes in their fair value | (1,843)         | (2,839)         |
| Other investment income   | (950)           | (550)           |
| Expected Credit Loss  | 3,614           | 671             |
| Fair Value movement on Pooled Investment Funds  | 102             | (2,485)         |
| <b>Total</b>  | <b>32,941</b>   | <b>27,354</b>   |

#### 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 Council Tax, locally generated and retained Business Rates income together with Government Grants received are set out below:

|   | 2020/21<br>£000  | 2021/22<br>£000  |
|---|------------------|------------------|
| Council Tax Income - General Purposes                 | (85,345)         | (87,625)         |
| Council Tax Income - Adult Social Care Precept        | (8,679)          | (10,523)         |
| Retained Business Rates                               | (27,877)         | (45,378)         |
| Business Rates Top Up                                 | (41,654)         | (41,912)         |
| Grant in Lieu of Business Rates                       | (36,373)         | (19,889)         |
| COVID-19 General Unringfenced Grants                  | (18,885)         | (8,088)          |
| COVID-19 Other Unringfenced Grants                    | (11,646)         | (1,591)          |
| COVID-19 Local Council Tax Support Grant              | -                | (3,185)          |
| COVID-19 Local Tax Income Guarantee                   | (2,169)          | -                |
| Other Capital Grants and Contributions                | (20,453)         | (59,458)         |
| Private Finance Initiative (PFI) Grant                | (8,488)          | (8,091)          |
| Improved Better Care Fund Grant                       | (10,859)         | (10,859)         |
| Social Care Support Grant                             | (6,955)          | (8,947)          |
| Independent Living Fund                               | (2,580)          | (2,580)          |
| Housing and Council Tax Benefit Administration Grants | (1,138)          | (1,189)          |
| New Homes Bonus                                       | (598)            | (171)            |
| Opportunity Area Grant                                | (1,565)          | (1,799)          |
| Lower Tier Services Support Grant                     | -                | (407)            |
| Other Non-Ringfenced Government Grants                | (1,303)          | (1,661)          |
| <b>Total</b>  | <b>(286,567)</b> | <b>(313,352)</b> |

#### 5. Grant Income Credited to Services

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

|  | 2020/21<br>£000  | 2021/22<br>£000  |
|--|------------------|------------------|
| <b>Government Grants</b>   |                  |                  |
| Dedicated Schools Grant (DSG)  | (153,378)        | (161,361)        |
| Housing Benefit Subsidy - Rent Allowances  | (41,411)         | (37,160)         |
| Housing Benefit Subsidy - Rent Rebates   | (5,249)          | (5,759)          |
| Private Finance Initiative (PFI) Credit  | (23,581)         | (23,978)         |
| COVID-19 Support Grants  | (15,907)         | (13,764)         |
| Pupil Premium  | (8,844)          | (8,980)          |
| Discretionary Housing Payments   | (773)            | (605)            |
| Education and Skills Funding Agency (ESFA) - Adult and Community Learning Income | (2,740)          | (2,807)          |
| Other Government Grants  | (15,252)         | (14,177)         |
| Other Grants   | (1,198)          | (1,668)          |
| <b>Total</b>   | <b>(268,333)</b> | <b>(270,259)</b> |

## 6. Dedicated School's Grant (DSG)

The Council's expenditure on schools is financed primarily by Dedicated Schools Grant (DSG) provided by the Education and Skills Funding Agency (ESFA). DSG is ring-fenced and can only be used to finance expenditure that is included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2021. 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 2021/22 are as follows:

|      |  | 2021/22             |                           |                |
|------|--|---------------------|---------------------------|----------------|
|      |  | Central Expenditure | Individual Schools Budget | Total          |
| Note |  | £000                | £000                      | £000           |
| A    | Final DSG for 2021/22 before academy and high needs recoupment |                     |                           | 283,256        |
| B    | Academy and high needs figure recouped for 2021/22             |                     |                           | (121,895)      |
| C    | Total DSG after academy and high needs recoupment for 2021/22  |                     |                           | <b>161,361</b> |
| D    | Plus: Brought forward from 2020/21                             |                     |                           | -              |
| E    | Less: Carry-forward to 2022/23 agreed in advance               |                     |                           | (803)          |
|      |  |                     |                           | <b>160,558</b> |
| F    | Agreed initial budgeted distribution in 2021/22                | 26,356              | 136,082                   | 162,438        |
| G    | In year adjustments  | (2,518)             | 133                       | (2,385)        |
| H    | <b>Final budget distribution for 2021/22</b>                   | <b>23,838</b>       | <b>136,215</b>            | <b>160,053</b> |
| I    | Less: Actual central expenditure                               | (24,027)            | -                         | (24,027)       |
| J    | Less: Actual ISB deployed to schools                           | -                   | (136,788)                 | (136,788)      |
| K    | Plus: Local authority contribution for 2021/22                 | -                   | -                         | -              |
| L    | <b>In Year Carry-forward to 2022/23</b>                        | <b>(189)</b>        | <b>(573)</b>              | <b>(762)</b>   |
| M    | Plus: Carry-forward to 2022/23 agreed in advance               |                     |                           | 803            |
| N    | Carry-forward to 2022/23                                       |                     |                           | 41             |
| O    | DSG unusable reserve adjustment at the end of 2020/21          |                     |                           | (2,814)        |
| P    | Addition to DSG unusable reserve at the end of 2021/22         |                     |                           | -              |
| Q    | Total of DSG unusable reserve at the end of 2021/22            |                     |                           | (2,814)        |
| R    | <b>Net DSG position at the end of 2021/22</b>                  |                     |                           | <b>(2,773)</b> |



- A: Final DSG figure before any amount has been recouped from the authority as published in March 2022, excluding the January 2022 early years block adjustment.
- B: Figure recouped from the authority in 2021/22 by the DfE for the conversion of maintained schools into academies and for high needs payments made by the ESFA.
- C: Total DSG figure after academy and high needs recoupment for 2021/22, as published March 2022.
- D: Balance brought forward from 2020/21. As the DSG was in deficit there was no surplus balance brought forward from 2020/21
- E: The amount which the authority decided after consultation with the School's Forum to carry forward to 2022/23 rather than distribute in 2021/22 (£0.803m).
- F: Budgeted distribution of DSG as agreed with the School's Forum.
- G: Changes to the initial distribution, for High Needs block adjustments and for the final Early Years Block adjustment.
- H: Budgeted distribution of DSG as at the end of the financial year.
- I: Actual amount of central expenditure items in 2021/22.
- J: Amount of ISB distributed to schools in 2021/22.
- K: There was no contribution from Oldham Council in 2021/22.
- L: In year carry-forward to 2022/23.
- M: Carry-forward to 2022/23 already agreed (£0.803m).
- N: Carry-forward to 2022/23 (before any unusable reserve brought forward).
- O: DSG unusable reserve adjusted at the end of 2020/21
- P: Addition to DSG unusable reserve at the end of 2021/22
- Q: Total of DSG unusable reserve at the end of 2021/22
- R: Net DSG position at the end of 2021/22

## 7. Material Items of Income and Expenditure

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For the purposes of this note the Council considers material items to be those greater than £6.000m. For 2021/22 there were no material items of income and expenditure.

## 8. Members' Allowances

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

|            | 2020/21<br>£000 | 2021/22<br>£000 |
|------------|-----------------|-----------------|
| Allowances | 1,070           | 1,139           |

## 9. Officers' Remuneration

The remuneration of senior employees is detailed below.

|  | 2020/21                                |                                |                                 |               | 2021/22                                |   |                                 |               | Note |
|--|--|--------------------------------|---------------------------------|---------------|--|---|---------------------------------|---------------|------|
|  | Salary, Fees<br>Allowances and<br>£000 | Expenses<br>Allowances<br>£000 | Pension<br>Contribution<br>£000 | Total<br>£000 | Salary, Fees<br>Allowances and<br>£000 | Compensation<br>for Loss of<br>Office<br>£000 | Pension<br>Contribution<br>£000 | Total<br>£000 |      |
| H Catherall, Chief Executive Oldham Council, Head of Paid Service  | -                                      |                                |                                 | -             | 97                                     |   | -                               | 97            | A    |
| C Wilkins OBE, Chief Executive Oldham Council and Accountable<br>Officer, NHS Oldham CCG, Head of Paid Service | 185                                    |                                | 38                              | 223           | 80                                     | 93  | 15                              | 188           | B    |
| Deputy Chief Executive: People Services  | -                                      |                                |                                 | -             | 11                                     |   | 2                               | 13            | C    |
| Executive Director: Place and Economic Growth  | -                                      |                                |                                 | -             | 10                                     |   | 2                               | 12            | D    |
| Assistant Chief Executive  | -                                      |                                |                                 | -             | 41                                     |   | 8                               | 49            | E    |
| Deputy Chief Executive   | 135                                    |                                | 28                              | 163           | 81                                     | 26  | 15                              | 122           | F    |
| Strategic Director: Communities and Reform   | 130                                    |                                | -                               | 130           | 95                                     | 59  |                                 | 154           | G    |
| Managing Director Children and Young People (Director of Children's<br>Services)                               | 128                                    | 6                              | 26                              | 160           | 130                                    |   | 27                              | 157           |      |
| Managing Director Community Health and Adults Social Care Services<br>(Director of Adult Social Services)      | 113                                    |                                | 23                              | 136           | 115                                    |   | 24                              | 139           | H    |
| Director of Finance and Chief Financial Officer (Section 151 Officer)  | 101                                    |                                | 21                              | 122           | 103                                    |   | 25                              | 128           |      |
| Director of Legal Services and Monitoring Officer  | 101                                    |                                | 21                              | 122           | 103                                    |   | 21                              | 124           |      |
| Director of Public Health  | 94                                     |                                | 19                              | 113           | 96                                     |   | 20                              | 116           |      |
| Director of Education, Skills and Early Years (Chief Education Officer)  | 11                                     |                                | 2                               | 13            |  |   |                                 | -             | I    |
| Director of Education, Skills and Early Years (Chief Education Officer)  | 28                                     |                                | 6                               | 34            | 95                                     |   | 20                              | 115           | J    |
| Interim Director of Education, Skills and Early Years (Chief Education<br>Officer)                             | 14                                     |                                | 1                               | 15            |  |   |                                 | -             | K    |

Senior Officers served for the whole of 2020/21 and 2021/22 unless stated below:

- A The Chief Executive and Head of Paid Services: the appointment to the post of Chief Executive was confirmed at the Council meeting of 25 August 2021 with effect from 26 August 2021.
- B The Chief Executive and Accountable Officer for Oldham Clinical Commissioning Group (CCG): left the Council on 23 August 2021.  
  
The contribution to the salary and pension cost paid by the CCG was £49,031.
- C The Deputy Chief Executive: People Services: was appointed on 1 March 2022.
- D The Executive Director: Place and Economic Growth: was appointed on 1 March 2022.
- E The Assistant Chief Executive: was appointed on 1 November 2021.
- F The Deputy Chief Executive: left the Council on 31 December 2021.
- G The Strategic Director: Communities and Reform: left the Council on 31 December 2021.
- H The Managing Director Community Health and Adult Social Care: the contribution to salary and pension costs paid by Northern Care Alliance NHS Foundation Trust was £76,302.
- I The Director of Education, Skills and Early Years (Chief Education Officer): left the Council 26 April 2020.
- J The Director of Education, Skills and Early Years (Chief Education Officer): was appointed on 14 December 2020.
- K The Interim Director of Education, Skills and Early Years (Chief Education Officer): was appointed on 27 April 2020 until 13 December 2020.

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

|                     | 2020/21<br>Number of<br>Employees<br>Including<br>Severance or<br>Other Related<br>Payments | 2021/22<br>Number of<br>Employees<br>Including<br>Severance or<br>Other Related<br>Payments |
|---------------------|---|---|
| £50,000 - £55,000   | 129   | 124   |
| £55,001 - £60,000   | 51  | 61  |
| £60,001 - £65,000   | 33  | 27  |
| £65,001 - £70,000   | 34  | 31  |
| £70,001 - £75,000   | 14  | 18  |
| £75,001 - £80,000   | 11  | 13  |
| £80,001 - £85,000   | 13  | 13  |
| £85,001 - £90,000   | 5   | 5   |
| £90,001 - £95,000   | 2   | 4   |
| £95,001 - £100,000  | 4   | 4   |
| £100,001 - £105,000 | 3   | 2   |
| £105,001 - £110,000 | 1   | 2   |
| £110,001 - £115,000 | 1   | -   |
| £115,001 - £120,000 | -   | -   |
| £120,001 - £125,000 | -   | -   |
| £125,001 - £130,000 | 1   | -   |
| <b>Total</b>        | <b>302</b>  | <b>304</b>  |

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<br>band (including<br>special payments) | 2020/21                                 | 2021/22  | 2020/21                                 | 2021/22   | 2020/21  | 2021/22   | 2020/21  | 2021/22        |
|---|---|----------|---|-----------|--|-----------|--|----------------|
|   | Number of<br>compulsory<br>redundancies |          | Number of other<br>departures<br>agreed |           | Total number of<br>exit packages by<br>cost band |           | Total cost of exit<br>packages in each<br>band |                |
|   | £                                       | £        | £                                       | £         | £  | £         | £  | £              |
| £0 - £20,000  | 2                                       | -        | 49                                      | 24        | 51   | 24        | 462,934  | 181,967        |
| £20,001 - £40,000   | -                                       | 1        | 20                                      | 4         | 20   | 5         | 595,713  | 134,900        |
| £40,001 - £60,000   | -                                       | -        | 12                                      | 2         | 12   | 2         | 588,409  | 108,323        |
| £60,001 - £80,000   | -                                       | -        | 1                                       | 1         | 1  | 1         | 70,978   | 78,030         |
| £80,001 - £100,000  | -                                       | -        | 3                                       | 2         | 3  | 2         | 247,756  | 181,377        |
| £100,001 - £150,000                                       | -                                       | -        | 4                                       | 2         | 4  | 2         | 515,322  | 223,279        |
| <b>Total</b>  | <b>2</b>                                | <b>1</b> | <b>89</b>                               | <b>35</b> | <b>91</b>  | <b>36</b> | <b>2,481,112</b>                               | <b>907,876</b> |

## 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 both 2020/21 and 2021/22 was Mazars LLP.

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year. | 125             | 104             |

The Council has incurred an additional fee in relation to the external audit of the Statement of Accounts for 2020/21 by the Council's External Auditors Mazars LLP. The additional fee of £21,078 takes the total cost for 2020/21 to £125,506 and has been approved by Public Sector Audit Appointments Limited (PSAA).

## 11. Pooled Funds

### Section 75 Agreement

In April 2016 Greater Manchester took control and responsibility for the £6.0bn Health & Social Care Budget to deliver its own sustainable Health and Social Care system. In taking forward this initiative locally, Oldham Council and NHS Oldham CCG have jointly developed a Locality Plan for Health and Social Care Transformation. This has been refreshed, and now covers the period 2020/21 to 2023/24.

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

The aims and benefits of the Partners in entering into the Section 75 Agreement are to;

- improve the quality and efficiency of service provision;
- meet the National Conditions of funding streams, such as the Better Care Fund and Local Objectives;
- make more effective use of resources through the establishment and maintenance of an aligned fund for revenue expenditure on services;
- ensure that people in Oldham will be independent, resilient and self-caring so fewer people reach crisis point, and,
- develop an integrated health and care system, for those that need it that enables people to proactively manage their own care with the support of their family, community and the right professionals at the right time in a properly joined up system.

The main purpose is to facilitate a whole system approach to deliver care where and how it needs to be delivered to the citizens of Oldham.

The Section 75 agreement for 2021/22 was formally approved at the meeting of the Commissioning Partnership Board (a joint Committee of the Council and Oldham CCG) on 27 January 2022 and incorporates the following:

- Better Care Fund (including the Disabled Facilities Grant, a capital grant with a value of £2.343m)
- Improved Better Care Fund
- Funding in relation to services commissioned by Oldham Council and services commissioned by Oldham CCG
- Funding for the Oldham locality from the Greater Manchester Health and Social Care Transformation Fund
- Funding commissioned by Oldham Council and Oldham CCG to facilitate hospital discharge and support the care provider market in response to the COVID-19 pandemic.

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

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

As shown in the table below the Council spent pooled funds of £83.766m and the CCG spent £381.520m of pooled funds. Each of the partner organisations accounts for their own contributions & details are contained within the respective organisation's annual accounts and in a report presented to the Commissioning Partnership Board on 26 May 2022.

The CCG's contribution has increased in 2021/22 compared to the previous year as more areas of the CCG's budget and expenditure were brought within scope of the Section 75 agreement. This is to allow improved joint oversight of the collective spend, as the budget and associated expenditure remain with the CCG as the host organisation.

The variance between funding provided to the pool and met from the pool by respective partners is due to funds being transferred from one partner to facilitate expenditure by the other partner.

| Section 75 incorporating Better Care Fund & Improved Better Care Fund | 2020/21<br>£000  | 2021/22<br>£000  |
|---|------------------|------------------|
| <b>Funding provided to the pooled budget:</b>                         |                  |                  |
| Council   | (62,633)         | (83,766)         |
| Oldham CCG  | (113,999)        | (381,520)        |
|   | <b>(176,632)</b> | <b>(465,286)</b> |
| <b>Expenditure met from the pooled budget:</b>                        |                  |                  |
| Council   | 100,785          | 98,527           |
| Oldham CCG  | 75,847           | 366,759          |
|   | <b>176,632</b>   | <b>465,286</b>   |
| <b>Net surplus arising on the pooled budget during the year</b>       | -                | -                |

On 11 February 2021, the Secretary of State for Health and Social Care presented to Parliament, Integration and Innovation: Working Together to Improve Health and Social Care for All, setting out legislative proposals for a Health and Care Bill. The Bill received Royal Assent on 28 April 2022 becoming the Health and Care Act 2022, a consequence of which is that Clinical Commissioning Groups (CCG's) will no longer exist after June 2022. The functions of NHS Oldham CCG will continue to be carried out by the NHS, and a new body, Greater Manchester Integrated Care will be created effective from 1st July 2022 to undertake these functions, both in

Oldham and in the other localities across Greater Manchester. Whilst the formal structures and organisations associated with the commissioning of NHS services in Oldham will change, the commissioning structure will continue to focus on localities, and will maintain a link with the Council at its core.

The Council's relationship with NHS Commissioners will therefore change as the system evolves and localities come together under a Greater Manchester Integrated Care System which will have a focus on population health. At a locality level an Oldham Integrated Health and Care System is being established, building on progress already made to deliver efficiencies, more effective services and to contribute to budget savings through collaboration, networks and alliances. The ambition remains to work closely in partnership, with the NHS and Local Government as equals in the Integrated Care system.

## **12. Related Parties**

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

### **Central Government**

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

### **Elected Members of the Council**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2021/22 is disclosed in Note 8.

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

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

### **Officers**

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

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

The Council has a pooled fund arrangement with Oldham CCG which encompasses Council Adult Social Care budgets and CCG commissioned expenditure, together with expenditure funded by the Better Care Fund, Improved Better Care Fund and the GM Health and Social Care Transformation Fund. For further detail see Note 11 Pooled Funds.

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

| Levying Body/Statutory Charging Body  | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|---|--------------------------|--------------------------|
| Greater Manchester Combined Authority - Waste Disposal                        | 17,358                   | 16,885                   |
| Greater Manchester Combined Authority - Transport (Levy and Statutory Charge) | 16,124                   | 16,094                   |
| Environment Agency  | 108                      | 110                      |
| <b>Total</b>  | <b>33,590</b>            | <b>33,089</b>            |

GMCA approved its Waste Disposal levy for 2021/22 on 12 February 2021 at a value of £16.892m. Adjustments for usage in 2020/21 resulted in a credit of £0.040m being received in 2021/22 however usage in 2021/22 was £0.033m higher than expected. This produced a net credit of £0.007m resulting in a final annual levy of £16.885m.

GMCA also approved its 2021/22 Transport Levy payable by the Greater Manchester Districts on 12 February 2021 at a value of £8.844m.

Following the GMCA (Functions and Amendment) order being laid in April 2019, the GM Mayor was given further powers for transport functions. The order gave the GM Mayor the ability to make a statutory charge to District Councils in relation to transport functions (with a corresponding reduction in the Transport Levy). This statutory charge for 2021/22 was agreed at £7.250m.

In total therefore, the sum payable to GMCA for Transport services in 2021/22 was £16.094m.

On 10 February 2021 the Environment Agency provided the Council with a confirmed levy amount for the 2021/22 financial year at a value of £0.110m.

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



| Related Party Transactions   | Details of Arrangement  | 2020/21        |               |                                    | 2021/22        |               |                                    |
|--|---|----------------|---------------|------------------------------------|----------------|---------------|------------------------------------|
|  |   | Receipts       | Payments      | Outstanding Balances / Commitments | Receipts       | Payments      | Outstanding Balances / Commitments |
|  |   | £000           | £000          | £000                               | £000           | £000          | £000                               |
| <b>Subsidiaries</b>  |   |                |               |                                    |                |               |                                    |
| MioCare Group Community Interest Company (formerly Oldham Care Services Limited) | MioCare Group CIC is a care and support provider and is wholly owned by the Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS); and MioCare Services Ltd (formerly Oldham Care and Support at Home (OCSH)).  | (1,038)        | 15,603        | (83)                               | (1,109)        | 16,056        | 66                                 |
| Unity Partnership Limited (Unity)  | On 2 July 2018 the ownership of Unity Partnership transferred to Oldham Council and Unity Partnership became a 100% wholly owned Council subsidiary company providing a variety of services within the Council and to residents.  | (1,658)        | 19,864        | (346)                              | (1,483)        | 21,337        | (2)                                |
| Oldham Economic Development Association Limited (OEDA)                           | OEDA is a company without share capital which is wholly owned by the Council and was set up to aid economic development and regeneration across the Borough. The company has remained inactive in the past year because of the restrictions which apply to companies wholly owned by a Local Authority.                           |                |               |                                    |                |               |                                    |
| Southlink Developments Limited   | The principal activity of the company is that of a property developer. However, the development land now owned by the company is reduced to a few acres located on Southlink Business Park. The continued inactivity of the company is the result of the restrictions which apply to companies wholly owned by a Local Authority. |                |               |                                    |                |               |                                    |
| Meridian Group   | The Meridian Group is comprised of the Meridian Development Company Ltd and its subsidiary, Interurban, was created to enable the purchase and development of key sites in Oldham. In 2021/22, the Council became the sole shareholder of the Company.  |                |               |                                    |                | 1,297         |                                    |
| Northern Roots (Oldham) Ltd  | Northern Roots (Oldham) Ltd is a Charity limited by shares and a wholly owned Council company incorporated to develop and operate a new Urban Park in the Snipe Clough area of Oldham. The Council is the sole shareholder.   |                |               |                                    |                |               | 33                                 |
| <b>Associates</b>  |   |                |               |                                    |                |               |                                    |
| <b>Joint Ventures</b>  |   |                |               |                                    |                |               |                                    |
| 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. During 2021/22, the joint venture disposed of its only key site. The Council has retained a small shareholding in the company.   |                |               |                                    |                |               |                                    |
| 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.   | (6)            | -             |                                    | (7)            | -             |                                    |
| <b>Non-Group Entities</b>  |   |                |               |                                    |                |               |                                    |
| 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.   | (13)           | 3,890         |                                    | (21)           | 2,815         |                                    |
| <b>Total</b>   |   | <b>(2,715)</b> | <b>39,357</b> | <b>(429)</b>                       | <b>(2,620)</b> | <b>41,505</b> | <b>97</b>                          |

### 13. Leases

#### The Council as Lessor

##### Operating Leases

The Council leases out property to third parties under operating leases, to include but not limited to, the following purposes:

- for the provision of community services, such as tourism services and community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| No later than 1 year                         | 4,463           | 7,016           |
| Later than 1 year and not later than 5 years | 10,493          | 11,063          |
| Later than 5 years                           | 34,889          | 33,906          |
| <b>Total</b>                                 | <b>49,845</b>   | <b>51,985</b>   |

The increase in 2021/22 relates to the income from the recently purchased Spindles and Town Square Shopping Centres which with redevelopment and more effective use, will support the regeneration of Oldham Town Centre and the delivery of the Council's wider Creating a Better Place Strategy.

### 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

|  | 2020/21              |                               |                          |                       |                          |                                | 2021/22              |                               |                          |                       |                          |                                |
|--|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|
|  | Usable Reserves      |                               |                          |                       |                          | Movements in Unusable Reserves | Usable Reserves      |                               |                          |                       |                          | Movements in Unusable Reserves |
|  | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied |                                | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied |                                |
| £000   | £000                 | £000                          | £000                     | £000                  | £000                     | £000                           | £000                 | £000                          | £000                     | £000                  | £000                     |                                |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| <b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>  |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Charges for depreciation of non-current assets   | (30,952)             | (5,316)                       | -                        | -                     | -                        | 36,268                         | (32,740)             | (5,532)                       | -                        | -                     | -                        | 38,272                         |
| Charges for impairment of non-current assets   | (1,479)              | (95)                          | -                        | -                     | -                        | 1,573                          | (379)                | (86)                          | -                        | -                     | -                        | 464                            |
| Revaluation losses on Property, Plant and Equipment  | (5,696)              | 135                           | -                        | -                     | -                        | 5,560                          | (8,932)              | (2,284)                       | -                        | -                     | -                        | 11,216                         |
| Movements in the fair value of Investment Properties   | (278)                | -                             | -                        | -                     | -                        | 278                            | 983                  | -                             | -                        | -                     | -                        | (983)                          |
| Amortisation of intangible assets  | (1,456)              | -                             | -                        | -                     | -                        | 1,456                          | (1,292)              | -                             | -                        | -                     | -                        | 1,292                          |
| Capital grants and contributions applied   | 10,716               | -                             | -                        | -                     | -                        | (10,716)                       | 50,019               | -                             | -                        | -                     | -                        | (50,019)                       |
| Revenue expenditure funded from capital under statute  | (15,534)             | -                             | -                        | -                     | -                        | 15,534                         | (11,507)             | -                             | -                        | -                     | -                        | 11,507                         |
| 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 | (1,583)              | (3)                           | -                        | -                     | -                        | 1,586                          | (9,865)              | (14)                          | -                        | -                     | -                        | 9,879                          |
| <b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Statutory provision for the financing of capital investment  | 2,742                | -                             | -                        | -                     | -                        | (2,742)                        | 2,742                | -                             | -                        | -                     | -                        | (2,742)                        |
| Voluntary provision for the financing of capital investment  | 19,435               | 5,301                         | -                        | -                     | -                        | (24,736)                       | 15,643               | 4,806                         | -                        | -                     | -                        | (20,449)                       |
| Capital expenditure charged against the General Fund and HRA balances  | 147                  | 2,532                         | -                        | -                     | -                        | (2,679)                        | 54                   | 912                           | -                        | -                     | -                        | (966)                          |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement  | 9,737                | -                             | -                        | -                     | -                        | (9,737)                        | 9,439                | -                             | -                        | -                     | (9,439)                  | -                              |
| Application of grants to capital financing transferred to the Capital Adjustment Account   | -                    | -                             | -                        | -                     | 10,104                   | (10,104)                       | -                    | -                             | -                        | -                     | 14,143                   | (14,143)                       |
| <b>Adjustments primarily involving the Capital Receipts Reserve:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Transfer of cash sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement                      | 3,027                | 53                            | (3,080)                  | -                     | -                        | -                              | 11,823               | 340                           | (12,163)                 | -                     | -                        | -                              |
| Use of the Capital Receipts Reserve to finance new capital expenditure   | -                    | -                             | 3,184                    | -                     | -                        | (3,184)                        | -                    | -                             | 11,861                   | -                     | -                        | (11,861)                       |
| Contributions to the Capital Receipts Pool   | -                    | -                             | -                        | -                     | -                        | -                              | (392)                | -                             | 392                      | -                     | -                        | -                              |
| Repayment of Long Term Loans   | -                    | -                             | (104)                    | -                     | -                        | 104                            | -                    | -                             | (89)                     | -                     | -                        | 89                             |
| Transfer from Deferred Capital Receipts reserve upon receipt of cash   | -                    | -                             | -                        | -                     | -                        | -                              | -                    | -                             | -                        | -                     | -                        | -                              |

|   | 2020/21              |                               |                          |                       |                          |                                | 2021/22              |                               |                          |                       |                          |                                |
|---|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|----------------------|-------------------------------|--------------------------|-----------------------|--------------------------|--------------------------------|
|   | Usable Reserves      |                               |                          |                       |                          | Movements in Unusable Reserves | Usable Reserves      |                               |                          |                       |                          | Movements in Unusable Reserves |
|   | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied |                                | General Fund Balance | Housing Revenue Account (HRA) | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied |                                |
| £000  | £000                 | £000                          | £000                     | £000                  | £000                     | £000                           | £000                 | £000                          | £000                     | £000                  | £000                     |                                |
| <b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement  | -                    | -                             | -                        | -                     | -                        | -                              | -                    | -                             | -                        | -                     | -                        | -                              |
| <b>Adjustments primarily involving the Major Repairs Reserve:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Transfer of Excess of Depreciation over Notional MRA to MRR   | -                    | 80                            | -                        | (80)                  | -                        | -                              | (5,453)              | -                             | 5,453                    | -                     | -                        | -                              |
| Credit MRR with a sum equal to HRA Depreciation   | -                    | -                             | -                        | -                     | -                        | -                              | 5,532                | -                             | (5,532)                  | -                     | -                        | -                              |
| <b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>  |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| 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                               | 291                  | -                             | -                        | -                     | -                        | (291)                          | 294                  | -                             | -                        | -                     | -                        | (294)                          |
| <b>Adjustments primarily involving the Financial Instruments Revaluation Reserve:</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to MHCLG statutory over-ride.   | (102)                | -                             | -                        | -                     | -                        | 102                            | 2,485                | -                             | -                        | -                     | -                        | (2,485)                        |
| <b>Adjustments primarily involving the Pensions Reserve:</b>  |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 27)   | (35,619)             | -                             | -                        | -                     | -                        | 35,619                         | (53,896)             | -                             | -                        | -                     | -                        | 53,896                         |
| Employer's pension contributions and direct payments to pensioners payable in the year  | 19,579               | -                             | -                        | -                     | -                        | (19,579)                       | 19,157               | -                             | -                        | -                     | -                        | (19,157)                       |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>  |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| 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 | (29,692)             | -                             | -                        | -                     | -                        | 29,692                         | 17,830               | -                             | -                        | -                     | -                        | (17,830)                       |
| <b>Adjustments primarily involving the Accumulated Absences Account:</b>  |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| 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 | (761)                | -                             | -                        | -                     | -                        | 761                            | 980                  | -                             | -                        | -                     | -                        | (980)                          |
| <b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</b>   |                      |                               |                          |                       |                          |                                |                      |                               |                          |                       |                          |                                |
| Transfer of Dedicated Schools Grant (DSG) over/(underspend) to the DSG Adjustment Account   | 1,356                | -                             | -                        | -                     | -                        | (1,356)                        | 787                  | -                             | -                        | -                     | -                        | (787)                          |
| <b>Total Adjustments</b>  | <b>(56,121)</b>      | <b>2,688</b>                  | <b>(0)</b>               | <b>(80)</b>           | <b>367</b>               | <b>53,147</b>                  | <b>13,235</b>        | <b>(1,779)</b>                | <b>0</b>                 | <b>(78)</b>           | <b>4,704</b>             | <b>(16,082)</b>                |

## 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 2020/21 and 2021/22. All Earmarked Reserves are managed in accordance with the Council's reserves policy.

|   | Restated<br>balance as<br>at 1 April<br>2020 | Transfers<br>Out 2020/21 | Transfers In<br>2020/21 | Balance as<br>at<br>31 March<br>2021 | Transfers<br>Out 2021/22 | Transfers In<br>2021/22 | Balance as<br>at<br>31 March<br>2022 |
|---|--|--------------------------|-------------------------|--------------------------------------|--------------------------|-------------------------|--------------------------------------|
|   | £000   | £000                     | £000                    | £000                                 | £000                     | £000                    | £000                                 |
| Integrated Working Reserve                      | (3,986)                                      | 529                      | (13,922)                | (17,380)                             | 5,430                    | (6,433)                 | (18,383)                             |
| Transformation Reserve                          | (7,809)                                      | 1,822                    | -                       | (5,986)                              | 590                      | (1,000)                 | (6,396)                              |
| Adverse Weather Reserve                         | (1,000)                                      | -                        | -                       | (1,000)                              | -                        | -                       | (1,000)                              |
| Regeneration Reserve                            | (4,661)                                      | 1,347                    | (250)                   | (3,564)                              | 1,646                    | (250)                   | (2,168)                              |
| Demand Changes Reserve                          | (2,000)                                      | 2,000                    | -                       | -                                    | -                        | -                       | -                                    |
| Emergency and External Events Reserve           | (2,251)                                      | 2,251                    | (2,000)                 | (2,000)                              | -                        | -                       | (2,000)                              |
| Levy Reserve                                    | (402)  | 153                      | (90)                    | (340)                                | 340                      | -                       | -                                    |
| Council Initiatives Reserve                     | (3,532)                                      | 1,206                    | (565)                   | (2,891)                              | 867                      | (920)                   | (2,944)                              |
| Fiscal Mitigation Reserve                       | (26,977)                                     | 26,407                   | (11,013)                | (11,582)                             | 6,933                    | (16,171)                | (20,820)                             |
| Life Cycle Costs Reserve                        | (1,580)                                      | 500                      | (571)                   | (1,651)                              | 1,680                    | (1,672)                 | (1,643)                              |
| Insurance Reserve                               | (12,165)                                     | 4,092                    | (1,912)                 | (9,985)                              | -                        | (35)                    | (10,020)                             |
| Directorate Reserve                             | (1,860)                                      | 695                      | (1,027)                 | (2,192)                              | 923                      | (1,405)                 | (2,674)                              |
| Balancing Budget Reserve                        | (10,008)                                     | 10,008                   | (54,309)                | (54,309)                             | 42,012                   | (18,321)                | (30,618)                             |
| Taxation / Treasury Reserve                     | (500)  | 1,955                    | (1,455)                 | -                                    | -                        | -                       | -                                    |
| District Partnership Reserve                    | (629)  | 127                      | (92)                    | (594)                                | 247                      | (214)                   | (561)                                |
| Local Restrictions Support Grant Reserve        | -  | -                        | (37)                    | (37)                                 | 37                       | -                       | -                                    |
| <b>Total Revenue Account Earmarked Reserves</b> | <b>(79,360)</b>                              | <b>53,090</b>            | <b>(87,243)</b>         | <b>(113,512)</b>                     | <b>60,705</b>            | <b>(46,421)</b>         | <b>(99,228)</b>                      |
| <b>Other Earmarked Reserves</b>                 |  |                          |                         |                                      |                          |                         |                                      |
| Revenue Grants Reserve                          | (7,934)                                      | 1,327                    | (13,538)                | (20,146)                             | 12,208                   | (2,794)                 | (10,731)                             |
| Schools Reserve                                 | (5,487)                                      | 5,495                    | (9,314)                 | (9,306)                              | 9,312                    | (10,197)                | (10,192)                             |
| <b>Total Other Earmarked Reserves</b>           | <b>(13,421)</b>                              | <b>6,822</b>             | <b>(22,853)</b>         | <b>(29,452)</b>                      | <b>21,520</b>            | <b>(12,991)</b>         | <b>(20,922)</b>                      |
| <b>Total Earmarked Reserves</b>                 | <b>(92,781)</b>                              | <b>59,912</b>            | <b>(110,095)</b>        | <b>(142,964)</b>                     | <b>82,225</b>            | <b>(59,412)</b>         | <b>(120,150)</b>                     |

## Revenue Account Earmarked Reserves

**Integrated Working Reserve** - this represents funding that has been set aside to support initiatives arising from the Greater Manchester devolution agenda and Greater Manchester Places for Everyone Framework including joint working with the Oldham Clinical Commissioning Group (and its' successor body) 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 2022/23 and also the programme of change as the Council moves to address funding reductions in future years by the continued transformation of its services.

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

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

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

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

**Fiscal Mitigation Reserve** – this reserve has been established to fund future costs expected to arise from reforms to Central Government Funding, pressures resulting from legislative change and the potential requirement to support performance improvement in selected services including any ongoing financial implications of COVID-19. This also includes funds set aside to strengthen the Council's financial resilience over the Medium-term.

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

**Insurance Reserve** – this has been established in order to finance costs (e.g. claims and premium payments) 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 2022/23 budget approved by Council on 2 March 2022 (adjusted to reflect the final outturn position) and the reserves required to balance the indicative 2023/24 and 2024/25 budgets (also approved on the 2 March 2022).

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

### **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.

DRAFT

## 16. Unusable Reserves

| Summary                                   | Note | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|---|------|--------------------------|--------------------------|
| Revaluation Reserve                       | 16a  | (307,724)                | (338,166)                |
| Financial Instruments Revaluation Reserve | 16b  | (21,031)                 | (24,015)                 |
| Capital Adjustment Account                | 16c  | (41,571)                 | (88,234)                 |
| Financial Instruments Adjustment Account  | 16d  | 8,227                    | 7,933                    |
| Deferred Capital Receipts                 | 16e  | (523)                    | (523)                    |
| Pensions Reserve                          | 16f  | 475,439                  | 311,717                  |
| Collection Fund Adjustment Account        | 16g  | 26,452                   | 8,622                    |
| DSG Adjustment Account                    | 16h  | 3,560                    | 2,773                    |
| Accumulated Absences Reserve              | 16i  | 5,695                    | 4,715                    |
| <b>Total Unusable Reserves</b>            |      | <b>148,524</b>           | <b>(115,178)</b>         |

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  | 2020/21<br>£000  | 2021/22<br>£000  |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | (301,491)        | (307,724)        |
| Upward revaluation of assets   | (30,186)         | (63,305)         |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | 8,558            | 14,645           |
| Difference between fair value depreciation and historic cost depreciation  | 15,074           | 15,795           |
| Accumulated gains on non-current assets sold or decommissioned (excluding Academies)                                 | 322              | 100              |
| Accumulated gains on Academy assets sold or decommissioned   | -                | 2,323            |
| <b>Balance at 31 March</b>   | <b>(307,724)</b> | <b>(338,166)</b> |



## (16b) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

| Financial Instrument Revaluation Reserve   | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Balance at 1 April   | (19,240)        | (21,031)        |
| Revaluation of Shareholding in Manchester Airport  | (1,890)         | (500)           |
| Reversal of Pooled Investment Funds for Fair Value movement  | (746)           | (845)           |
| <b>(Surplus)/Deficit on revaluation of Financial Instrument Revaluation Reserve</b>                      | <b>(2,636)</b>  | <b>(1,345)</b>  |
| Financial Instruments held under Fair Value through Profit & Loss subject to MHCLG Statutory Over-Ride * | 845             | (1,639)         |
| <b>Balance at 31 March</b>   | <b>(21,031)</b> | <b>(24,015)</b> |

\* The Department of Levelling Up, Housing and Communities previously 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   | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Balance at 1 April   | (34,374)        | (41,571)        |
| <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>   |                 |                 |
| Charges for depreciation of non-current assets   | 36,268          | 38,272          |
| Charges for impairment of non-current assets   | 1,573           | 464             |
| Revaluation (gains)/losses on Property, Plant and Equipment  | 5,560           | 11,216          |
| Amortisation of intangible assets  | 1,456           | 1,292           |
| Revenue expenditure funded from capital under statute  | 15,534          | 11,507          |
| 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) | 1,586           | 6,216           |
| Amounts written off on disposal or sale as part of the gain/loss on disposal of Academies to the Comprehensive Income and Expenditure Statement                                | -               | 3,663           |
| Adjusting amounts written out of the Revaluation Reserve   | (15,395)        | (18,218)        |
| Repayment of Long-Term Debtors   | 104             | 89              |
| <b>Capital financing applied in the year:</b>  |                 |                 |
| Use of the Capital Receipts reserve to finance new capital expenditure   | (3,184)         | (11,861)        |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing                                    | (10,716)        | (50,019)        |
| Application of grants to capital financing from the Capital Grants Unapplied Account   | (10,104)        | (14,143)        |
| Statutory provision for the financing of capital investment charged against the General Fund and HRA balances  | (2,742)         | (2,742)         |
| Voluntary MRP  | (24,736)        | (20,449)        |
| Capital expenditure charged against the General Fund and HRA balances  | (2,679)         | (966)           |
| Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement   | 278             | (983)           |
| <b>Balance at 31 March</b>   | <b>(41,571)</b> | <b>(88,234)</b> |

#### (16d) Financial Instrument Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Taxpayers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

| <b>Financial Instrument Adjustment Account</b>   | <b>2020/21<br/>£000</b> | <b>2021/22<br/>£000</b> |
|--|-------------------------|-------------------------|
| <b>Balance at 1 April</b>  | 8,517                   | 8,227                   |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements | (329)                   | (329)                   |
| Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements | 38                      | 34                      |
| <b>Balance at 31 March</b>   | <b>8,227</b>            | <b>7,933</b>            |

#### **(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.

| <b>Pension Reserve</b>   | <b>2020/21<br/>£000</b> | <b>2021/22<br/>£000</b> |
|--|-------------------------|-------------------------|
| Balance at 1 April   | 324,871                 | 475,439                 |
| Remeasurement of net defined benefit liability   | 134,528                 | (198,460)               |
| 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 | 35,619                  | 53,896                  |
| Employer's pension contributions and direct payments to pensioners payable in the year   | (19,579)                | (19,157)                |
| <b>Balance at 31 March</b>   | <b>475,439</b>          | <b>311,717</b>          |

#### **(16g) Collection Fund Adjustment Account**

The Collection Fund Adjustment Account is used to manage the differences arising from the recognition of Council Tax and Business Rates income in the CIES as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| Collection Fund Adjustment Account   | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| <b>Balance as 1 April</b>  | (3,240)         | 26,452          |
| Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Non-Domestic Rates for the year in accordance with statutory requirements | 29,692          | (17,830)        |
| <b>Balance at 31 March</b>   | <b>26,452</b>   | <b>8,622</b>    |

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

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

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

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

| Dedicated Schools Grant Adjustment Account | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| <b>Balance as 1 April</b>                  | 4,916           | 3,560           |
| Adjustment for DSG reserve                 |                 | (746)           |
| <b>Restated Opening Balance</b>            | <b>4,916</b>    | <b>2,814</b>    |
| In year DSG over/(under) spend             | (1,356)         | (41)            |
| <b>Balance at 31 March</b>                 | <b>3,560</b>    | <b>2,773</b>    |

#### (16i) Accumulated Absences Reserve

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

## 17. Property, Plant and Equipment

### Movements on Balances

| 2021/22   | Property, Plant and Equipment (PPE) |                          |                               |                       |                  |                |                        |                 |
|---|-------------------------------------|--------------------------|-------------------------------|-----------------------|------------------|----------------|------------------------|-----------------|
|   | Council Dwellings                   | Other Land and Buildings | Vehicles, Plant and Equipment | Infrastructure Assets | Community Assets | Surplus Assets | PPE Under Construction | Total PPE       |
|   | £000                                | £000                     | £000                          | £000                  | £000             | £000           | £000                   | £000            |
| <b>Cost or Valuation</b>  |                                     |                          |                               |                       |                  |                |                        |                 |
| <b>At 1 April 2021</b>  | <b>82,607</b>                       | <b>504,348</b>           | <b>39,800</b>                 | <b>280,495</b>        | <b>3,225</b>     | <b>5,636</b>   | <b>5,720</b>           | <b>921,831</b>  |
| Additions   | 1,428                               | 46,323                   | 1,984                         | 12,341                | 6                | 0              | 925                    | <b>63,007</b>   |
| Revaluation Increases/(decreases) to Revaluation Reserve                          | 1,806                               | 22,253                   | -                             | -                     | -                | 96             | -                      | <b>24,155</b>   |
| Revaluation Increases/(decreases) to Surplus/Deficit on the Provision of Services | (2,205)                             | (9,179)                  | -                             | -                     | -                | -              | -                      | <b>(11,385)</b> |
| Derecognition-Disposals   | (150)                               | (9,110)                  | (412)                         | -                     | -                | -              | -                      | <b>(9,672)</b>  |
| Reclassified to/from Held for Sale  | -                                   | -                        | -                             | -                     | -                | (1,210)        | -                      | <b>(1,210)</b>  |
| Other Reclassifications   | -                                   | (2,716)                  | -                             | -                     | -                | 5,738          | (3,022)                | -               |
| <b>At 31 March 2022</b>   | <b>83,486</b>                       | <b>551,919</b>           | <b>41,372</b>                 | <b>292,836</b>        | <b>3,231</b>     | <b>10,261</b>  | <b>3,623</b>           | <b>986,726</b>  |
| <b>Accumulated Depreciation and Impairment</b>                                    |                                     |                          |                               |                       |                  |                |                        |                 |
| <b>At 1 April 2021</b>  | <b>5,410</b>                        | <b>3,908</b>             | <b>28,585</b>                 | <b>122,637</b>        | <b>3,225</b>     | <b>(0)</b>     | <b>3,608</b>           | <b>167,372</b>  |
| Depreciation Charge   | 5,460                               | 21,406                   | 2,800                         | 8,607                 | -                | -              | -                      | <b>38,273</b>   |
| Depreciation written out on revaluation   | (5,236)                             | (19,834)                 | -                             | -                     | -                | -              | -                      | <b>(25,070)</b> |
| Depreciation written out to Surplus/Deficit on the Provision of Services          | 79                                  | (247)                    | -                             | -                     | -                | -              | -                      | <b>(168)</b>    |
| Impairment losses/reversals to Revaluation Reserve                                | -                                   | 564                      | -                             | -                     | -                | -              | -                      | <b>564</b>      |
| Impairment losses/reversals to Surplus/Deficit on the Provision of Services       | 86                                  | 317                      | -                             | 7                     | 6                | -              | -                      | <b>416</b>      |
| Derecognition-Disposals   | -                                   | (155)                    | (378)                         | -                     | -                | -              | -                      | <b>(533)</b>    |
| Eliminated on reclassification to Held for Sale                                   | -                                   | -                        | -                             | -                     | -                | -              | -                      | <b>0</b>        |
| Other Reclassifications   | -                                   | -                        | -                             | -                     | -                | -              | -                      | <b>0</b>        |
| <b>At 31 March 2022</b>   | <b>5,799</b>                        | <b>5,959</b>             | <b>31,007</b>                 | <b>131,251</b>        | <b>3,231</b>     | <b>-</b>       | <b>3,608</b>           | <b>180,855</b>  |
| <b>Net Book Value</b>   |                                     |                          |                               |                       |                  |                |                        |                 |
| <b>At 31 March 2022</b>   | <b>77,687</b>                       | <b>545,960</b>           | <b>10,365</b>                 | <b>161,585</b>        | <b>-</b>         | <b>10,261</b>  | <b>15</b>              | <b>805,871</b>  |
| <b>At 31 March 2021</b>   | <b>77,197</b>                       | <b>500,440</b>           | <b>11,215</b>                 | <b>157,858</b>        | <b>-</b>         | <b>5,637</b>   | <b>2,112</b>           | <b>754,458</b>  |

## Comparative Movements in 2020/21

| 2020/21  | Property, Plant and Equipment (PPE) |                          |                               |                       |                  |                |                        |                |
|--|-------------------------------------|--------------------------|-------------------------------|-----------------------|------------------|----------------|------------------------|----------------|
|  | Council Dwellings                   | Other Land and Buildings | Vehicles, Plant and Equipment | Infrastructure Assets | Community Assets | Surplus Assets | PPE Under Construction | Total PPE      |
|  | £000                                | £000                     | £000                          | £000                  | £000             | £000           | £000                   | £000           |
| <b>Cost or Valuation</b>   |                                     |                          |                               |                       |                  |                |                        |                |
| <b>At 1 April 2020</b>   | <b>76,755</b>                       | <b>496,414</b>           | <b>38,601</b>                 | <b>268,208</b>        | <b>3,241</b>     | <b>5,632</b>   | <b>3,969</b>           | <b>892,820</b> |
| Additions  | 4,403                               | 22,414                   | 1,958                         | 12,287                | -                | 17             | 1,751                  | 42,830         |
| Revaluation<br>Increases/(decreases) to<br>Revaluation Reserve                             | 1,293                               | (7,444)                  | -                             | -                     | (1)              | 42             | -                      | (6,110)        |
| Revaluation<br>Increases/(decreases) to<br>Surplus/Deficit on the<br>Provision of Services | 135                                 | (6,202)                  | -                             | -                     | (15)             | (75)           | -                      | (6,157)        |
| Derecognition-Disposals  | (36)                                | (1,242)                  | (759)                         | -                     | -                | -              | -                      | (2,037)        |
| Reclassified to/from Held for<br>Sale  | -                                   | -                        | -                             | -                     | -                | (544)          | -                      | (544)          |
| Other Reclassifications  | 57                                  | 408                      | -                             | -                     | -                | 564            | -                      | 1,029          |
| <b>At 31 March 2021</b>  | <b>82,607</b>                       | <b>504,348</b>           | <b>39,800</b>                 | <b>280,495</b>        | <b>3,225</b>     | <b>5,636</b>   | <b>5,720</b>           | <b>921,831</b> |
| <b>Accumulated<br/>Depreciation and<br/>Impairment</b>                                     |                                     |                          |                               |                       |                  |                |                        |                |
| <b>At 1 April 2020</b>   | <b>4,803</b>                        | <b>6,724</b>             | <b>26,379</b>                 | <b>113,868</b>        | <b>3,225</b>     | -              | <b>3,608</b>           | <b>158,606</b> |
| Depreciation Charge  | 5,242                               | 19,820                   | 2,889                         | 8,311                 | 1                | 4              | -                      | 36,267         |
| Depreciation written out on<br>revaluation   | (4,727)                             | (18,867)                 | -                             | -                     | (1)              | -              | -                      | (23,595)       |
| Depreciation written out to<br>Surplus/Deficit on the<br>Provision of Services             | -                                   | (597)                    | -                             | -                     | -                | -              | -                      | (597)          |
| Impairment losses/reversals<br>to Revaluation Reserve                                      | -                                   | (4,149)                  | -                             | -                     | -                | -              | -                      | (4,149)        |
| Impairment losses/reversals<br>to Surplus/Deficit on the<br>Provision of Services          | 95                                  | 1,020                    | -                             | 458                   | -                | -              | -                      | 1,573          |
| Derecognition-Disposals<br>Eliminated on<br>reclassification to Held for<br>Sale           | (3)                                 | (43)                     | (683)                         | -                     | -                | -              | (4)                    | (729)          |
| Other Reclassifications  | -                                   | -                        | -                             | -                     | -                | -              | -                      | -              |
| <b>At 31 March 2021</b>  | <b>5,410</b>                        | <b>3,908</b>             | <b>28,585</b>                 | <b>122,637</b>        | <b>3,225</b>     | -              | <b>3,608</b>           | <b>167,372</b> |
| <b>Net Book Value</b>  |                                     |                          |                               |                       |                  |                |                        |                |
| <b>At 31 March 2021</b>  | <b>77,197</b>                       | <b>500,440</b>           | <b>11,215</b>                 | <b>157,858</b>        | -                | <b>5,637</b>   | <b>2,112</b>           | <b>754,458</b> |
| <b>At 31 March 2020</b>  | <b>71,952</b>                       | <b>489,690</b>           | <b>12,222</b>                 | <b>154,340</b>        | <b>16</b>        | <b>5,633</b>   | <b>361</b>             | <b>734,214</b> |

## 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

As at 31 March 2022, the Council had no outstanding contracts of material value 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 2021.

## Effects of Changes in Estimates

In 2021/22 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

## Revaluations

The Council undertakes a rolling programme of valuation that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The revaluations were carried out by a team of suitably qualified professionals employed by The Unity Partnership, an external company which during 2021/22 was 100% owned by the Council.

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

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

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

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

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

| Gross Valuations by Valuation Date | Council Dwellings | Other Land and Buildings | Vehicles, Plant and Equipment | Infrastructure Assets | Community Assets | Surplus Assets | PPE under Construction | Total          |
|------------------------------------|-------------------|--------------------------|-------------------------------|-----------------------|------------------|----------------|------------------------|----------------|
|                                    | £000              | £000                     | £000                          | £000                  | £000             | £000           | £000                   | £000           |
| Carried at historical cost         | -                 | -                        | 41,372                        | 292,836               | 3,231            | -              | 3,623                  | 341,061        |
| Valued at current value as at:     |                   |                          |                               |                       |                  |                |                        |                |
| 31 March 2022                      | 78,337            | 124,527                  | -                             | -                     | -                | 8,408          | -                      | 211,272        |
| 31 March 2021                      | 4,717             | 49,172                   | -                             | -                     | -                | 1,853          | -                      | 55,741         |
| 31 March 2020                      | 432               | 210,393                  | -                             | -                     | -                | -              | -                      | 210,825        |
| 31 March 2019                      | -                 | 56,688                   | -                             | -                     | -                | -              | -                      | 56,688         |
| 31 March 2018                      | -                 | 111,139                  | -                             | -                     | -                | -              | -                      | 111,139        |
| <b>Total Cost or Valuation</b>     | <b>83,486</b>     | <b>551,919</b>           | <b>41,372</b>                 | <b>292,836</b>        | <b>3,231</b>     | <b>10,261</b>  | <b>3,623</b>           | <b>986,726</b> |

## 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. A valuation in 2020 (see paragraph below) identified three paintings in the collection each with a market value in excess of £1 million. These are works by J. W. Waterhouse, Alfred Munnings and William Orpen. There are also a small number of assorted photographic prints, drawings and mixed media works, sculptures and decorative arts.



Following a flood in 2018 the Council had the Gallery Oldham collections valued by external valuer, James Glennie (Arts & Antiques Appraisals). The valuation on a market value basis and assessed at £18.292m was undertaken by James Glennie as at March 2020.

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 2021/22 is £1.442m.
- **Statues** - An additional statue was commissioned in 2018/19 and recorded at cost price of £0.036m. The assets within this category are deemed to have indeterminate lives, hence the Council does not consider it as appropriate to charge depreciation. Other Council owned statues are held on the balance sheet at their nominal value.

Regularly, the Council's Gallery Team use their expert knowledge and understanding to determine if a change in insurance valuation is needed. This is based on the valuations given to items when agreeing loans to other museums and galleries as required. The 2020 valuation was based on wide research into sale prices at auctions around the world. This valuation was commissioned from Arts & Antiques Appraisals for the Gallery Oldham Collection and this has been updated accordingly. It is the view of the Council that the most recent valuation is still relevant and there are no events which would materially change the financial statements

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

|  | Art Collection<br>£000 | Civic Regalia<br>£000 | Statues<br>£000 | Total Assets<br>£000 |
|--|------------------------|-----------------------|-----------------|----------------------|
| <b>Cost or Valuation</b>   |                        |                       |                 |                      |
| 1 April 2020   | 18,292                 | 1,442                 | 36              | 19,770               |
| Revaluation Gains/(Losses) Recognised in the Revaluation Reserve | -                      | -                     | -               | -                    |
| Additions  | -                      | -                     | 1               | 1                    |
| Impairment to CIES   | -                      | -                     | (1)             | (1)                  |
| <b>31 March 2021</b>   | <b>18,292</b>          | <b>1,442</b>          | <b>36</b>       | <b>19,770</b>        |
| <b>Cost or Valuation</b>   |                        |                       |                 |                      |
| 1 April 2021   | 18,292                 | 1,442                 | 36              | 19,770               |
| Revaluation Gains/(Losses) Recognised in the Revaluation Reserve | -                      | -                     | -               | -                    |
| Additions  | -                      | -                     | 49              | 49                   |
| Impairment to CIES   | -                      | -                     | (49)            | (49)                 |
| <b>31 March 2022</b>   | <b>18,292</b>          | <b>1,442</b>          | <b>36</b>       | <b>19,770</b>        |

## 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:

|   | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|
| Rental Income From Investment Properties  | (2,610)         | (2,621)         |
| Direct Operating Expenses (including repairs and maintenance)                                     | 631             | 1,037           |
| <b>Net Gain</b>   | <b>(1,978)</b>  | <b>(1,584)</b>  |
| Fair value movements on investment properties   | 278             | (983)           |
| (Profit)/Loss on disposal   | (143)           | (272)           |
| Total Income and Expenditure on relation to investment properties and changes in their fair value | <b>(1,843)</b>  | <b>(2,839)</b>  |

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

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Balance at 1 April                           | 20,077          | 18,817          |
| Additions: Subsequent Expenditure            | 47              | -               |
| Disposals                                    | (5)             | (10)            |
| Net (Loss)/Gain from Fair Value Adjustments  | (273)           | 994             |
| Transfers (to)/from Other Land and Buildings | (1,029)         | -               |
| <b>Balance at 31 March</b>                   | <b>18,817</b>   | <b>19,801</b>   |

### Fair Value Hierarchy

All of the Council's investment properties have been valued as Level 2 on the fair value hierarchy for valuation purposes (see Note 34 Accounting Policy Section 1.23 for an explanation of the fair value levels).

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment properties has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Property 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 was valued as at 31 March 2022 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.

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| <b>Opening capital financing requirement</b>   | <b>472,377</b>  | <b>491,713</b>  |
| <b>Capital Investment</b>  |                 |                 |
| Property Plant and Equipment   | 42,829          | 63,007          |
| Investment Assets  | 47              | -               |
| Heritage Assets  | 1               | 49              |
| Revenue Expenditure Funded from Capital Under Statute                                | 15,534          | 11,506          |
| Long-term Investment   | 3,740           | -               |
| Intangible Assets  | 1,669           | 2,800           |
| Long-term Debtors  | 9,677           | -               |
| Assets Held for Sale   | -               | -               |
| <b>Sources of Finance</b>  |                 |                 |
| Capital Receipts   | (3,184)         | (11,861)        |
| Government Grants and Other Contributions  | (20,820)        | (64,162)        |
| Sums Set aside from Revenue  | (30,157)        | (24,157)        |
| <b>Closing Capital Financing Requirement</b>   | <b>491,713</b>  | <b>468,895</b>  |
| <b>Explanation of Movements in year</b>  |                 |                 |
| Decrease in Need to Borrow Supported by Government Financial Assistance              | (2,742)         | (2,742)         |
| (Decrease)/Increase in Need to Borrow Unsupported by Government Financial Assistance | 21,808          | (20,449)        |
| Assets Acquired Under Finance Leases   | 270             | 373             |
| <b>Increase/(Decrease) in Capital Financing Requirement</b>                          | <b>19,336</b>   | <b>(22,818)</b> |

## 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<br>March<br>2021<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2021<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2021<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2021<br>£000 | 31<br>March<br>2022<br>£000 |
| <b>Amortised Cost</b>  |                             |                             |                             |                             |                             |                             |                             |                             |
| Principal Investment   | 3,760                       | 3,045                       | 35,034                      | 38,235                      | 40,500                      | 27,500                      | 10,988                      | 15,858                      |
| Accrued Interest   | -                           | -                           | -                           | -                           | 21                          | 26                          | -                           | -                           |
| Cash & Cash Equivalents (CCE)  | -                           | -                           | -                           | -                           | 21,596                      | 57,846                      | -                           | -                           |
| CCE Accrued Interest   | -                           | -                           | -                           | -                           | 1                           | 8                           | -                           | -                           |
| <b>Amortised Cost Total</b>  | <b>3,760</b>                | <b>3,045</b>                | <b>35,034</b>               | <b>38,235</b>               | <b>62,117</b>               | <b>85,380</b>               | <b>10,988</b>               | <b>15,858</b>               |
| <b>Fair Value through other comprehensive income - designated equity instruments</b> |                             |                             |                             |                             |                             |                             |                             |                             |
| Fair Value through other comprehensive income - other                                | 37,700                      | 38,200                      | -                           | -                           | -                           | -                           | -                           | -                           |
| <b>Total Financial Assets</b>  | <b>55,615</b>               | <b>57,884</b>               | <b>35,034</b>               | <b>38,235</b>               | <b>62,268</b>               | <b>85,530</b>               | <b>10,988</b>               | <b>15,858</b>               |
| Non-Financial Assets   | -                           | -                           | -                           | -                           | -                           | -                           | 38,674                      | 34,404                      |
| <b>Total</b>   | <b>55,615</b>               | <b>57,884</b>               | <b>35,034</b>               | <b>38,235</b>               | <b>62,268</b>               | <b>85,530</b>               | <b>49,662</b>               | <b>50,262</b>               |

## Financial Liabilities

|   | Non-Current      |                  |                     |                     | Current             |                     |                     |                     |
|---|------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Borrowings       |                  | Creditors           |                     | Borrowings          |                     | Creditors           |                     |
|   | 31 March<br>2021 | 31 March<br>2022 | 31<br>March<br>2021 | 31<br>March<br>2022 | 31<br>March<br>2021 | 31<br>March<br>2022 | 31<br>March<br>2021 | 31<br>March<br>2022 |
|   | £000             | £000             | £000                | £000                | £000                | £000                | £000                | £000                |
| <b>Amortised Cost</b>                           |                  |                  |                     |                     |                     |                     |                     |                     |
| Principal                                       | 167,583          | 160,742          | -                   | -                   | 5,260               | 6,855               | 45,882              | 48,036              |
| Loans Accrued Interest                          | -                | -                | -                   | -                   | 1,438               | 1,437               | -                   | -                   |
| Market Loans Effective Interest Rate Adjustment | 772              | 762              | -                   | -                   | -                   | -                   | -                   | -                   |
| PFI, Finance lease and transferred debt         | 213,178          | 204,167          | -                   | -                   | 11,228              | 9,280               | -                   | -                   |
| <b>Total Financial Liabilities</b>              | <b>381,533</b>   | <b>365,671</b>   | <b>-</b>            | <b>-</b>            | <b>17,925</b>       | <b>17,573</b>       | <b>45,882</b>       | <b>48,036</b>       |
| Non-Financial Liabilities                       | -                | -                | -                   | -                   | -                   | -                   | 30,283              | 43,278              |
| <b>Total</b>                                    | <b>381,533</b>   | <b>365,671</b>   | <b>-</b>            | <b>-</b>            | <b>17,925</b>       | <b>17,573</b>       | <b>76,164</b>       | <b>91,314</b>       |

| Borrowings              | Long-term                   | Current                     | Long-term                   | Current                     |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                         | 31<br>March<br>2021<br>£000 | 31<br>March<br>2021<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2022<br>£000 |
| PWLB                    | 35,482                      | 133                         | 35,241                      | 133                         |
| LOBO's                  | 86,272                      | 898                         | 86,262                      | 903                         |
| Other market debt       | 46,601                      | 5,666                       | 40,001                      | 7,257                       |
| <b>Total Borrowings</b> | <b>168,355</b>              | <b>6,697</b>                | <b>161,504</b>              | <b>8,293</b>                |

### 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 2022 as fair value through other comprehensive income:

| Description                             | Nominal<br>£000 | Fair Value<br>£000 | Change in fair<br>value during<br>2021/22<br>£000 |
|---|-----------------|--------------------|---|
| Manchester Airport Shares               | 10,214          | 33,400             | 1,400   |
| Manchester Airport Car Park (1) Limited | 5,610           | 4,800              | (900)   |

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

The Council along with the other nine Greater Manchester District Councils holds an equity investment in Manchester Airport Car Park (1) Limited. The Council's total original investment of £5.610m was to assist in funding the capital build of a car park in return for the issue of 3 C Shares in Manchester Airport Car Park (1) Limited. The value has decreased in year as can be seen in the above table. As in 2020/21, the shareholding is classed as a financial instrument and held at fair value on the Council's Balance Sheet. Under IFRS 9 the shareholding (investment) is designated as a strategic investment and not held for trading therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This means that there is no impact on the revenue budget and the Council's decision to designate to fair value through other comprehensive income is irrevocable.

## Items of Income, Expense, Gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

|   | 2020/21   |  |                 | 2021/22   |  |                 |
|---|---|--|-----------------|---|--|-----------------|
|   | Surplus or Deficit on the provision of Services<br>£000 | Other Comprehensive Income & Expenditure<br>£000 | Total<br>£000   | Surplus or Deficit on the provision of Services<br>£000 | Other Comprehensive Income & Expenditure<br>£000 | Total<br>£000   |
| Net gains/losses on:  |   |  |                 |   |  |                 |
| * Expected Credit Loss  | (3,614)   | -  | (3,614)         | (671)   | -  | (671)           |
| * Financial Assets measured at fair value through profit or loss                                | (102)   | -  | (102)           | 2,485   | -  | 2,485           |
| * Investments in equity instruments designated at fair value through other comprehensive income | -   | 1,890  | 1,890           | -   | 500  | 500             |
| <b>Total net gains / (losses)</b>   | <b>(3,716)</b>  | <b>1,890</b>                                     | <b>(1,826)</b>  | <b>1,814</b>  | <b>500</b>                                       | <b>2,314</b>    |
| Interest Revenue:   |   |  |                 |   |  |                 |
| * Financial Assets measured at amortised cost   | 3,166   | -  | 3,166           | 3,417   | -  | 3,417           |
| * Other Financial Assets measured at fair value through other comprehensive income              | 848   | -  | 848             | 3,035   | -  | 3,035           |
| <b>Total interest revenue</b>   | <b>4,014</b>  | <b>-</b>   | <b>4,014</b>    | <b>6,451</b>  | <b>-</b>   | <b>6,451</b>    |
| <b>Interest Expense</b>   | <b>(27,430)</b>   | <b>-</b>   | <b>(27,430)</b> | <b>(26,677)</b>   | <b>-</b>   | <b>(26,677)</b> |

## 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 2021<br>Fair value<br>£000 | 31 March 2022<br>Fair value<br>£000 |
|---|--------------------------------------|---|-------------------------------------|-------------------------------------|
| <b>Fair Value through Profit and Loss</b><br>CCLA Property Fund   | Level 1                              | Unadjusted quoted prices in active markets for identical shares | 14,154                              | 16,639                              |
| <b>Fair Value through Other Comprehensive Income</b><br>Manchester Airport<br>Manchester Airport Car Park (1) Limited | Level 2<br>Level 2                   | Earnings Based<br>Earnings Based                                | 32,000<br>5,700                     | 33,400<br>4,800                     |
| <b>Total Fair Value through Other Comprehensive Income</b>  |                                      |   | <b>37,700</b>                       | <b>38,200</b>                       |
| <b>Total Fair Value of Financial Instruments</b>  |                                      |   | <b>51,855</b>                       | <b>54,839</b>                       |

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

The Council holds a 3.22% share in Manchester Airports Holdings Limited (MAHL) and 10% of the issued C Shares in Manchester Airport Car Park (1) Limited which represents a minority holding and does not confer any voting rights. The shares in both these companies are not traded in an active market; however, the fair value in MAHL shown above is based on a high degree of comparability to listed company data including any movement in share prices. The earnings-based method has been employed which takes as its basis the profitability of the company, assessing its historic earnings and arriving at a view of "maintainable" or "prospective" earnings.

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

The valuation has been made using the audited accounts of MAHL for the annual periods between 2018/19, 2019/20 and 2020/21 along with an interim 6-month report for the period ending 30 September 2021. These shares are subject to an annual valuation. In 2021/22 this has seen an increase in value of £1.400m.



The 10% holding in Manchester Airport Car Park (1) Limited is valued on the updated financial forecast and taking into account the impact of COVID-19 on earnings and the reduced passenger numbers at Manchester Airport as evidenced in the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.

The Council also holds units within the CCLA Property Fund. The fair value has been calculated using quoted share prices. All other long-term investments are carried at historic cost, as these are the Council's investments in subsidiaries and associates. The total value of the other long-term investments at 31 March 2022 is £3.045m.

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, 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 2021   |                | 31 March 2022   |                |
|----------------------|-----------------|----------------|-----------------|----------------|
|                      | Carrying Amount | Fair Value     | Carrying Amount | Fair Value     |
|                      | £000            | £000           | £000            | £000           |
| PWLB                 | 35,615          | 36,358         | 35,374          | 33,252         |
| Market Loans         | 139,437         | 221,935        | 134,423         | 196,776        |
| Short-term creditors | 45,882          | 45,882         | 48,036          | 48,036         |
| <b>Total</b>         | <b>220,934</b>  | <b>304,175</b> | <b>217,833</b>  | <b>278,064</b> |

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 2022) 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 £38.579m (as part of the external valuation) measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has used a transfer value for the fair value of financial liabilities. The Council has also calculated an exit price fair value of £38.579m, which is calculated using an early repayment discount rate. The Council has no contractual obligation to pay these costs and will not incur any additional cost if the loans run to their planned maturity date.

|                           | 31 March 2021           |                    | 31 March 2022           |                    |
|---------------------------|-------------------------|--------------------|-------------------------|--------------------|
|                           | Carrying Amount<br>£000 | Fair Value<br>£000 | Carrying Amount<br>£000 | Fair Value<br>£000 |
| Fixed Term Investments    | 40,521                  | 40,528             | 27,527                  | 27,495             |
| Cash and Cash Equivalents | 21,597                  | 21,597             | 57,854                  | 57,853             |
| Long-term debtors         | 35,034                  | 95,384             | 38,235                  | 41,328             |
| Short-term debtors        | 10,988                  | 10,988             | 15,858                  | 15,858             |
| <b>Total</b>              | <b>108,142</b>          | <b>168,497</b>     | <b>139,474</b>          | <b>142,534</b>     |

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 2022) 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 2022<br>Recurring fair value measurements using: | Other significant observable inputs (Level 2)<br>£000 |
|---|---|
| <b>Financial liabilities</b>                              |   |
| Financial liabilities held at amortised cost:             |   |
| PWLB  | 35,241  |
| Non-PWLB  | 126,263   |
| Short-term debt   | 6,855   |
| PFI and finance lease liability                           | 213,448   |
| <b>Total</b>  | <b>381,807</b>  |
| Financial assets held at amortised cost:                  | 85,372  |
| Other financial assets – Long-term                        | 3,045   |
| <b>Total</b>  | <b>88,417</b>   |

| 31 March 2021<br>Recurring fair value measurements using: | Other significant observable inputs (Level 2)<br>£000 |
|---|---|
| <b>Financial liabilities</b>                              |   |
| Financial liabilities held at amortised cost:             |   |
| PWLB  | 35,482  |
| Non-PWLB  | 132,873   |
| Short-term debt   | 5,260   |
| PFI and finance lease liability                           | 224,405   |
| <b>Total</b>  | <b>398,020</b>  |
| Financial assets held at amortised cost:                  | 62,117  |
| Other financial assets – Long-term                        | 3,759   |
| <b>Total</b>  | <b>65,876</b>   |

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed.

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

### Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council;

- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

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

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

Full details of the Council's Treasury Management Strategy for 2021/22 can be found on the Council's website.

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

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

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made unless they meet the minimum requirements of the investment criteria outlined above and detailed below.

Oldham Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries

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

The full Investment Strategy for 2021/22 was approved by Council on 4 March 2021 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 £90.300m deposited with a number of financial institutions at 31 March 2022. The Council's maximum exposure to credit risk in relation to this amount cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

The Council holds a number of long-term debtors totalling £38.235m as at 31 March 2022. When undertaking any long-term loans, the Council follows a full due diligence process. Having assessed the Council's exposure to credit risk on the long-term debtors as at 31 March 2022, there was no evidence that the entities were unable to meet their commitments on their existing loan structures.

#### **Amounts Arising from Expected Credit Losses**

We have assessed the Councils short and long-term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2022 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

|   | Link Asset Services - Colour banding | Fitch - Rating | Moody's - Rating | Standard and Poors - Rating | Amount at 31 March 2022 | Historical Experience of Default | Estimated maximum exposure to default and uncollectability at 31 March 2022 |
|---|--------------------------------------|----------------|------------------|-----------------------------|-------------------------|----------------------------------|---|
|   |                                      |                |                  |                             | £000                    | %                                | £000  |
| <b>Deposits with Banks and Financial Institutions</b> |                                      |                |                  |                             |                         |                                  |   |
| Cornwall Council                                      | Yellow                               | AA             | Aa2              | A+                          | 5,000                   | 0.002%                           | -   |
| Close Brothers Ltd                                    | Red                                  | F1             | P-1              | A-1                         | 5,000                   | 0.007%                           | -   |
| London Borough of Haringey                            | Yellow                               | AA             | Aa2              | A+                          | 5,000                   | 0.004%                           | -   |
| Close Brothers Ltd                                    | Red                                  | F1             | P-1              | A-1                         | 5,000                   | 0.011%                           | 1   |
| Nationwide Building Society                           | Red                                  | F1             | P-1              | A-1                         | 5,000                   | 0.012%                           | 1   |
| Goldman Sachs   | Red                                  | F1             | P-1              | A-1                         | 5,000                   | 0.016%                           | 1   |
| Santander UK Plc 35 Day Notice Account                | Red                                  | F1             | P-1              | A-1                         | 2,500                   | 0.004%                           | -   |
| Santander UK Plc 95 Day Notice Account                | Red                                  | F1             | P-1              | A-1                         | 2,500                   | 0.012%                           | -   |
| Santander UK Plc 180 Day Notice Account               | Red                                  | F1             | P-1              | A-1                         | 5,000                   | 0.023%                           | 1   |
| Treasury  | Yellow                               | AA             | Aa2              | A+                          | 2,000                   | 0.001%                           | -   |
| Treasury  | Yellow                               | AA             | Aa2              | A+                          | 2,000                   | 0.001%                           | -   |
| Aberdeen Standard MMF                                 | Purple                               | AAA            | Aaa              | AAA                         | 20,000                  | 0.000%                           | -   |
| Federated MM Fund                                     | Purple                               | AAA            | Aaa              | AAA                         | 10,000                  | 0.000%                           | -   |
| Invesco MM Fund                                       | Purple                               | AAA            | Aaa              | AAA                         | 6,300                   | 0.000%                           | -   |
| Federated MM Fund T+1                                 | Purple                               | AAA            | Aaa              | AAA                         | 10,000                  | 0.000%                           | -   |
|   |                                      |                |                  |                             | <b>90,300</b>           |                                  | <b>4</b>  |

\*MMF – Money Market Fund

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The past due date but not impaired amount can be analysed by age as follows:

|                     | 31 March 2021<br>£000 | 31 March 2022<br>£000 |
|---------------------|-----------------------|-----------------------|
| Less than 3 months  | 3,269                 | 1,759                 |
| 3 - 6 months        | 503                   | 634                   |
| 6 - 12 months       | 3,071                 | 2,773                 |
| More than 12 months | 6,457                 | 7,437                 |
| <b>Total</b>        | <b>13,299</b>         | <b>12,603</b>         |

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

## Liquidity Risk

The Council manages its liquidity position through the risk management procedures set out above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy report), 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<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|-----------------------|--------------------------|--------------------------|
| Less than 1 Year      | 68,540                   | 90,300                   |
| Between 1 and 2 years | 628                      | 628                      |
| Between 2 and 3 years | -                        | -                        |
| More than 3 years     | 90,022                   | 95,491                   |
| <b>Total</b>          | <b>159,189</b>           | <b>186,419</b>           |

## 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<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|--------------------|--------------------------|--------------------------|
| Less than 1 year   | 52,820                   | 56,329                   |
| 1 - 2 years        | 6,600                    | -                        |
| 2 - 5 years        | -                        | -                        |
| 5 - 10 years       | 7,500                    | 15,241                   |
| More than 10 years | 153,242                  | 145,501                  |
| <b>Total</b>       | <b>220,162</b>           | <b>217,071</b>           |

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 £49m of Lender Option Borrower Option loans (LOBO's) that could potentially be called by the lender during the next financial year.

The average maturity of LOBOs held within the more than ten years category is 45 years, these loans all have option dates within the next five years, however it is not anticipated that any of these will be called and require repayment based on the current low interest rate environment.

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

### Market Risk

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

- Interest rate risk;
- Price risk; and
- Foreign exchange rate risk.

### Interest Rate Risk

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

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



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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure.

The central treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

|  | 2021/22<br>£000 |
|--|-----------------|
| Decrease in fair value of fixed rate investment assets   | 903             |
| Impact on Other Comprehensive Income and Expenditure   | 903             |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | 2,171           |

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 £57.884m in a number of joint ventures and in local companies. Whilst these holdings are generally illiquid, the Council is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

Of the shares mentioned above £41.245m 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 £2.062m gain or loss being recognised in the Financial Instrument Revaluation Reserve for 2021/22. The Council holds investment units within the CCLA Property Fund that have been classified as Fair Value through Profit and Loss, however the Council has chosen to use the 5 year override as allowed by CIPFA to allocate to Fair Value through Other Comprehensive Income, therefore any gains or losses on prices will also be taken to the Financial Instrument Revaluation Reserve. A gain of £2.485m was also recognised in 2021/22 in relation to the Council's holding in the CCLA Property Fund.

In 2021/22 the Council's holding in Manchester Airport, was re-valued resulting in a gain of £1.4m along with a loss of £0.900m in relation to the new shareholding in Manchester Airport Car Park (1) Limited both of which were recognised in the Financial Instruments Revaluation Reserve.

### **Foreign Exchange Risk**

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

## 22. Debtors

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

|                                | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|--------------------------------|--------------------------|--------------------------|
| Central Government Bodies      | 11,140                   | 9,458                    |
| Other Local Authorities        | 2,202                    | 1,750                    |
| NHS Bodies                     | 3,345                    | 5,051                    |
| Capital Debtors                | 3,148                    | 4,181                    |
| Other Entities and Individuals | 23,640                   | 25,144                   |
| Payments in Advance            | 6,187                    | 4,678                    |
| <b>Total</b>                   | <b>49,662</b>            | <b>50,262</b>            |

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

|  | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|--|--------------------------|--------------------------|
| Mortgages  | 6                        | 6                        |
| Loans to Trusts, Community Interest Groups & Third Sector<br>Organisations | 498                      | 409                      |
| Other Capital Loans & Advances   | 34,530                   | 37,820                   |
| <b>Total</b>   | <b>35,034</b>            | <b>38,235</b>            |

## 23. Cash and Cash Equivalents

|                            | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|----------------------------|--------------------------|--------------------------|
| Cash held by the Authority | 119                      | 126                      |
| Bank Current Accounts      | 32,836                   | 68,506                   |
| Bank Overdraft             | (11,358)                 | (10,779)                 |
| <b>Total</b>               | <b>21,597</b>            | <b>57,854</b>            |

## 24. Creditors

The Council's creditors are as follows:

|                                | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|--------------------------------|--------------------------|--------------------------|
| Central Government Bodies      | (6,096)                  | (7,555)                  |
| Other Local Authorities        | (998)                    | (746)                    |
| NHS Bodies                     | (2,206)                  | (2,093)                  |
| Capital Creditors              | (2,410)                  | (4,333)                  |
| Other Entities and Individuals | (44,381)                 | (47,224)                 |
| Accumulated Absences           | (5,695)                  | (4,715)                  |
| Receipts in Advance            | (14,378)                 | (24,648)                 |
| <b>Total</b>                   | <b>(76,164)</b>          | <b>(91,314)</b>          |

## 25. Provisions

The Council's provisions are as follows:

|                                 | Short-term                     |                             |                 |
|---------------------------------|--------------------------------|-----------------------------|-----------------|
|                                 | Insurance<br>Provision<br>£000 | Other<br>Provisions<br>£000 | Total<br>£000   |
| <b>Balance at 1 April 2021</b>  | (2,183)                        | (7,579)                     | (9,761)         |
| Provisions released in 2021/22  | 650                            | 733                         | 1,383           |
| Increase in Provision 2021/22   | -                              | (1,777)                     | (1,777)         |
| <b>Balance at 31 March 2022</b> | <b>(1,533)</b>                 | <b>(8,623)</b>              | <b>(10,155)</b> |

|                                 | Long-term                      |  |                             |                |
|---------------------------------|--------------------------------|--|-----------------------------|----------------|
|                                 | Insurance<br>Provision<br>£000 | Pay and<br>Reward<br>Provision<br>£000 | Other<br>Provisions<br>£000 | Total<br>£000  |
| <b>Balance at 1 April 2021</b>  | (8,350)                        | (2,001)                                | (5,315)                     | (15,666)       |
| Adjustment to opening balance   | 182                            | -                                      | (182)                       | -              |
| Provisions released in 2021/22  | 2,800                          | -                                      | 1,565                       | 4,365          |
| Transfers out                   | 326                            | -                                      | 1,432                       | 1,758          |
| <b>Balance at 31 March 2022</b> | <b>(5,042)</b>                 | <b>(2,001)</b>                         | <b>(2,500)</b>              | <b>(9,543)</b> |

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

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

## 26. Contingent Assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. The Council has identified the following contingent assets as at 31 March 2022.

### 1) Housing Stock Transfer

The Housing Stock Transfer has resulted in two remaining contingent assets to the Council.

#### a) Right to Buy Sharing Agreement

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

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

#### b) VAT Shelter Arrangements

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

The Council agreed a 50/50 share of the VAT Shelter with FCHO, after FCHO has retained its first tranche of recoverable VAT; this is a sum of £14.900m. This first tranche of VAT was utilised by FCHO during the first 4 years post transfer. FCHO also retained a second tranche of VAT shelter savings, totalling £6.000m. This second tranche was used solely for asbestos works that exceeded the amount estimated within the Stock Condition Survey of £7.200m, (net of inflation, fees, and VAT). This arrangement was agreed to mitigate the Council's overall risk of a contingent liability through an 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 £14.900m. 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 £4.821m up to 31 March 2022 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 liability as at 31 March 2022.

## **1) Stock Transfer Warranties**

The Council agreed to a number of warranties under the stock transfer agreements with First Choice Homes Oldham (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 an asbestos indemnity.

## **28. PFI and Similar Contracts**

### **Oldham Library and Lifelong Learning Centre**

The financial year 2021/22 was the seventeenth of a 25-year PFI contract for the construction, maintenance and operation of Information Technology (IT) and Facilities Management (FM) services of the Library and Lifelong Learning Centre in the town centre. The Council has rights under the contract to specify the opening times of the facility. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if the facilities are unavailable or performance is below the minimum standards. The contractor was obliged to construct the centres and to maintain them to a minimum acceptable condition, and to procure and maintain the plant and equipment needed to operate the facility. The building, and any plant and equipment installed, will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

### **Housing PFI Schemes**

#### **Sheltered Housing**

The financial year 2021/22 was the sixteenth of a 30-year PFI contract with Oldham Retirement Housing Partnership (ORHP) 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 2021/22 was the eleventh of a 25-year PFI contract with Inspiral Oldham Limited (Inspiral) for the demolition and new build (or refurbishment of), and the provision of management and maintenance services to management of 623 HRA dwellings with . The contract also includes minor works to the external fabric of 153 leaseholder/owner occupied properties, for which the majority of associated costs will be met by the leaseholders/owner occupiers. The management of the dwellings within the HRA will transfer back to the Council at the end of the contract for nil consideration unless a separate contract is entered into either with Inspiral or an alternative contractor.

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

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

### **Chadderton Wellbeing Centre**

The financial year 2021/22 was the thirteenth of a 30-year Local Improvement Finance Trust (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 at the end of the contract 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 2021/22 was the eleventh of a 25 year joint PFI contract, with Rochdale Council, for the replacement of approximately 23,000 streetlights in Oldham in the first five years and the ongoing management and maintenance of the streetlights over the life of the contract. The Council has rights under the contract to detail the specification of the streetlights. The contract specifies minimum standards for the services to be supplied by the contractor, with deductions from the fee payable being made if performance is below the minimum standards. The contractor is obliged to replace and maintain the streetlights over the life of the contract. The streetlights will transfer to the Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement during the financial year.

### **Education Services PFI Schemes**

#### **Schools (Radclyffe and Failsworth)**

The financial year 2021/22 was the fifteenth 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 2021/22 was the tenth 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 in future financial years from 2022/23 onwards. 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.

DRAFT



|                              | Library and Lifelong Learning Centre<br>£000 | Sheltered Housing<br>£000 | Gateways to Oldham Housing<br>£000 | Chadderton Wellbeing Centre<br>£000 | Street Lighting<br>£000 | Schools<br>£000 | Building Schools for the Future<br>£000 | Total<br>£000  |
|------------------------------|--|---------------------------|------------------------------------|-------------------------------------|-------------------------|-----------------|---|----------------|
| <b>2022/23</b>               |  |                           |                                    |                                     |                         |                 |   |                |
| Repayment of Liability       | 737  | 2,851                     | 1,755                              | 121                                 | 943                     | 1,545           | 1,007                                   | 8,959          |
| Interest                     | 864  | 6,649                     | 3,523                              | 912                                 | 1,623                   | 2,600           | 2,513                                   | 18,684         |
| Service Charges              | 1,293  | 6,657                     | 3,919                              | 339                                 | 1,960                   | 4,712           | 1,854                                   | 20,734         |
| <b>Total</b>                 | <b>2,894</b>                                 | <b>16,157</b>             | <b>9,197</b>                       | <b>1,372</b>                        | <b>4,526</b>            | <b>8,857</b>    | <b>5,374</b>                            | <b>48,377</b>  |
| <b>2023/24 to 2026/27</b>    |  |                           |                                    |                                     |                         |                 |   |                |
| Repayment of Liability       | 3,514  | 15,360                    | 8,195                              | 185                                 | 1,895                   | 11,721          | 5,322                                   | 46,192         |
| Interest                     | 2,742  | 24,770                    | 12,831                             | 3,617                               | 4,875                   | 8,561           | 9,335                                   | 66,731         |
| Service Charges              | 5,643  | 26,558                    | 16,849                             | 2,037                               | 11,907                  | 16,147          | 7,378                                   | 86,519         |
| <b>Total</b>                 | <b>11,899</b>                                | <b>66,688</b>             | <b>37,875</b>                      | <b>5,839</b>                        | <b>18,677</b>           | <b>36,429</b>   | <b>22,035</b>                           | <b>199,442</b> |
| <b>2027/28 to 2031/32</b>    |  |                           |                                    |                                     |                         |                 |   |                |
| Repayment of Liability       | 5,078  | 18,896                    | 16,146                             | 697                                 | 4,718                   | 16,899          | 8,673                                   | 71,107         |
| Interest                     | 1,693  | 26,843                    | 14,037                             | 5,286                               | 5,312                   | 5,574           | 8,288                                   | 67,033         |
| Service Charges              | 5,148  | 42,444                    | 19,816                             | 2,175                               | 14,662                  | 25,510          | 11,905                                  | 121,660        |
| <b>Total</b>                 | <b>11,919</b>                                | <b>88,183</b>             | <b>49,999</b>                      | <b>8,158</b>                        | <b>24,692</b>           | <b>47,983</b>   | <b>28,866</b>                           | <b>259,800</b> |
| <b>2032/33 to 2036/37</b>    |  |                           |                                    |                                     |                         |                 |   |                |
| Repayment of Liability       | -  | 31,582                    | 23,361                             | 1,252                               | 9,284                   | 2,234           | 11,944                                  | 79,657         |
| Interest                     | -  | 17,867                    | 9,606                              | 6,062                               | 3,865                   | 179             | 3,831                                   | 41,410         |
| Service Charges              | -  | 34,792                    | 16,697                             | 1,917                               | 9,122                   | 5,862           | 14,739                                  | 83,129         |
| <b>Total</b>                 | <b>-</b>                                     | <b>84,241</b>             | <b>49,664</b>                      | <b>9,231</b>                        | <b>22,271</b>           | <b>8,275</b>    | <b>30,514</b>                           | <b>204,196</b> |
| <b>2037/38 to 2039/40</b>    |  |                           |                                    |                                     |                         |                 |   |                |
| Repayment of Liability       | -  | -                         | -                                  | 5,593                               | -                       | -               | 1,277                                   | 6,870          |
| Interest                     | -  | -                         | -                                  | 3,195                               | -                       | -               | 111                                     | 3,306          |
| Service Charges              | -  | -                         | -                                  | 1,330                               | -                       | -               | 1,251                                   | 2,581          |
| <b>Total</b>                 | <b>-</b>                                     | <b>-</b>                  | <b>-</b>                           | <b>10,118</b>                       | <b>-</b>                | <b>-</b>        | <b>2,639</b>                            | <b>12,757</b>  |
| <b>Repayments Total</b>      | <b>9,329</b>                                 | <b>68,689</b>             | <b>49,457</b>                      | <b>7,848</b>                        | <b>16,840</b>           | <b>32,399</b>   | <b>28,223</b>                           | <b>212,785</b> |
| <b>Interest Total</b>        | <b>5,299</b>                                 | <b>76,129</b>             | <b>39,997</b>                      | <b>19,072</b>                       | <b>15,675</b>           | <b>16,914</b>   | <b>24,078</b>                           | <b>197,164</b> |
| <b>Service Charges Total</b> | <b>12,084</b>                                | <b>110,451</b>            | <b>57,281</b>                      | <b>7,798</b>                        | <b>37,651</b>           | <b>52,231</b>   | <b>37,127</b>                           | <b>314,623</b> |
| <b>Grand total</b>           | <b>26,712</b>                                | <b>255,269</b>            | <b>146,735</b>                     | <b>34,718</b>                       | <b>70,166</b>           | <b>101,544</b>  | <b>89,428</b>                           | <b>724,572</b> |

## Analysis of Liabilities as a result of PFI and Similar Contracts

The payments to the contractor are described as Unitary Charges. 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<br>2020<br>£000 | Repayments<br>£000 | Liability 31 March<br>2021<br>£000 | Repayments<br>£000 | Liability 31 March<br>2022<br>£000 |
|--------------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Library and Lifelong Learning Centre | 10,431                             | (498)              | 9,933                              | (604)              | 9,329                              |
| Sheltered Housing                    | 74,617                             | (2,981)            | 71,636                             | (2,947)            | 68,689                             |
| Gateways to Oldham                   | 53,635                             | (2,320)            | 51,316                             | (1,859)            | 49,457                             |
| Chadderton Wellbeing Centre          | 8,107                              | (130)              | 7,977                              | (129)              | 7,848                              |
| Street Lighting                      | 18,498                             | (793)              | 17,705                             | (865)              | 16,840                             |
| Schools                              | 37,158                             | (2,453)            | 34,706                             | (2,307)            | 32,399                             |
| Building Schools for the Future      | 30,299                             | (1,041)            | 29,258                             | (1,035)            | 28,223                             |
| <b>Total</b>                         | <b>232,745</b>                     | <b>(10,216)</b>    | <b>222,531</b>                     | <b>(9,746)</b>     | <b>212,785</b>                     |

## Assets as a result of PFI and Similar Contracts

|  | Library and Lifelong Learning Centre | Sheltered Housing | Gateways to Oldham Housing | Chadderton Wellbeing Centre | Street Lighting | Schools       | Building Schools for the Future | Total          |
|--|--------------------------------------|-------------------|----------------------------|-----------------------------|-----------------|---------------|---------------------------------|----------------|
|  | £000                                 | £000              | £000                       | £000                        | £000            | £000          | £000                            | £000           |
| <b>Cost or Valuation</b>   |                                      |                   |                            |                             |                 |               |                                 |                |
| As at 1 April 2021   | 15,410                               | 42,187            | 22,216                     | 11,420                      | 24,457          | 75,103        | 35,771                          | 226,564        |
| Additions  | -                                    | 36                | 748                        | -                           | -               | -             | -                               | 784            |
| Revaluations recognised in Revaluation Reserve   | 1,042                                | 1,198             | 524                        | 830                         | -               | 7,006         | 3,430                           | 14,030         |
| Revaluations recognised in (Surplus)/Deficit on the Provision of Services                      | -                                    | -                 | -                          | -                           | -               | -             | -                               | -              |
| Derecognition-disposals  |                                      |                   | (137)                      |                             |                 |               |                                 | (137)          |
| <b>As at 31 March 2022</b>   | <b>16,452</b>                        | <b>43,421</b>     | <b>23,351</b>              | <b>12,250</b>               | <b>24,457</b>   | <b>82,109</b> | <b>39,201</b>                   | <b>241,241</b> |
| <b>Accumulated Depreciation &amp; Impairment</b>   |                                      |                   |                            |                             |                 |               |                                 |                |
| As at 1 April 2021   | -                                    | 3,641             | 1,595                      | -                           | 4,201           | -             | -                               | 9,437          |
| Depreciation Charge  | 731                                  | 3,745             | 1,630                      | 502                         | 616             | 4,107         | 1,851                           | 13,182         |
| Depreciation Written out to Revaluation Reserve  | (731)                                | (3,641)           | (1,595)                    | (502)                       | -               | (4,107)       | (1,851)                         | (12,427)       |
| Depreciation written out to the (Surplus)/Deficit on the Provision of Services                 | -                                    | -                 | -                          | -                           | -               | -             | -                               | -              |
| Impairment Losses/(reversals) recognised in the Revaluation Reserve                            | -                                    | -                 | -                          | -                           | -               | -             | -                               | -              |
| Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services | -                                    | -                 | -                          | -                           | -               | -             | -                               | -              |
| Derecognition -disposals   |                                      |                   |                            |                             |                 |               |                                 | -              |
| <b>As at 31 March 2022</b>   | <b>-</b>                             | <b>3,745</b>      | <b>1,630</b>               | <b>-</b>                    | <b>4,817</b>    | <b>-</b>      | <b>-</b>                        | <b>10,192</b>  |
| <b>Net Book Value at 31 March 2021</b>   | <b>15,410</b>                        | <b>38,540</b>     | <b>20,621</b>              | <b>11,420</b>               | <b>20,256</b>   | <b>75,103</b> | <b>35,771</b>                   | <b>217,121</b> |
| <b>Net Book Value at 31 March 2022</b>   | <b>16,452</b>                        | <b>39,676</b>     | <b>21,721</b>              | <b>12,250</b>               | <b>19,640</b>   | <b>82,109</b> | <b>39,201</b>                   | <b>231,049</b> |

|  | Library and Lifelong Learning Centre<br>£000 | Sheltered Housing<br>£000 | Gateways to Oldham Housing<br>£000 | Chadderton Wellbeing Centre<br>£000 | Street Lighting<br>£000 | Schools<br>£000 | Building Schools for the Future<br>£000 | Total<br>£000  |
|--|--|---------------------------|------------------------------------|-------------------------------------|-------------------------|-----------------|---|----------------|
| <b>Cost or Valuation</b>   |  |                           |                                    |                                     |                         |                 |   |                |
| As at 1 April 2020   | 15,670                                       | 41,432                    | 21,620                             | 11,010                              | 24,457                  | 74,520          | 34,938                                  | 223,647        |
| Additions  | -  | 6                         | -                                  | -                                   | -                       | -               | -                                       | 6              |
| Revaluations recognised in Revaluation Reserve   | (260)  | 747                       | 624                                | 410                                 | -                       | 583             | 833                                     | 2,937          |
| Revaluations recognised in (Surplus)/Deficit on the Provision of Services                      | -  | 2                         | -                                  | -                                   | -                       | -               | -                                       | 2              |
| Derecognition-disposals  | -  | -                         | (34)                               | -                                   | -                       | -               | -                                       | (34)           |
| <b>As at 31 March 2021</b>   | <b>15,410</b>                                | <b>42,187</b>             | <b>22,210</b>                      | <b>11,420</b>                       | <b>24,457</b>           | <b>75,103</b>   | <b>35,771</b>                           | <b>226,558</b> |
| <b>Accumulated Depreciation &amp; Impairment</b>   |  |                           |                                    |                                     |                         |                 |   |                |
| As at 1 April 2020   | -  | 3,178                     | 1,552                              | -                                   | 3,585                   | -               | -                                       | 8,315          |
| Depreciation Charge  | 693  | 3,641                     | 1,595                              | 451                                 | 616                     | 3,806           | 1,674                                   | 12,476         |
| Depreciation Written out to Revaluation Reserve  | (693)  | (3,178)                   | (1,549)                            | (451)                               | -                       | (3,806)         | (1,674)                                 | (11,351)       |
| Depreciation written out to the (Surplus)/Deficit on the Provision of Services                 | -  | -                         | -                                  | -                                   | -                       | -               | -                                       | -              |
| Impairment Losses/(reversals) recognised in the Revaluation Reserve                            | -  | -                         | -                                  | -                                   | -                       | -               | -                                       | -              |
| Impairment Losses/(reversals) recognised in the (Surplus)/Deficit on the Provision of Services | -  | -                         | -                                  | -                                   | -                       | -               | -                                       | -              |
| Derecognition - disposals  | -  | -                         | (3)                                | -                                   | -                       | -               | -                                       | (3)            |
| <b>As at 31 March 2021</b>   | <b>-</b>                                     | <b>3,641</b>              | <b>1,595</b>                       | <b>-</b>                            | <b>4,201</b>            | <b>-</b>        | <b>-</b>                                | <b>9,437</b>   |
| <b>Net Book Value at 31 March 2020</b>   | <b>15,670</b>                                | <b>38,254</b>             | <b>20,068</b>                      | <b>11,010</b>                       | <b>20,872</b>           | <b>74,520</b>   | <b>34,938</b>                           | <b>215,332</b> |
| <b>Net Book Value at 31 March 2021</b>   | <b>15,410</b>                                | <b>38,540</b>             | <b>20,621</b>                      | <b>11,420</b>                       | <b>20,256</b>           | <b>75,103</b>   | <b>35,771</b>                           | <b>217,121</b> |

## 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 Capita Teachers' Pensions on behalf of 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 2021/22, the Council paid £9.953m (£10.228m in 2020/21) to the Teachers Pensions Scheme in respect of teachers' retirement benefits, representing 22.52% (22.50% in 2020/21) 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:

|   | 2020/21<br>£000  | 2021/22<br>£000 |
|---|------------------|-----------------|
| <b>Service Cost</b>   |                  |                 |
| Current service cost  | (27,474)         | (43,717)        |
| Past service cost (including curtailments)  | (391)            | (882)           |
| <b>Total service cost</b>   | <b>(27,865)</b>  | <b>(44,599)</b> |
| <b>Financing and Investment Income and Expenditure</b>  |                  |                 |
| Interest income on scheme assets  | 19,913           | 21,564          |
| Interest cost on defined benefit obligation   | (27,667)         | (30,861)        |
| <b>Total net interest</b>   | <b>(7,754)</b>   | <b>(9,297)</b>  |
| <b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>           | <b>(35,619)</b>  | <b>(53,896)</b> |
| <b>Remeasurements of the Net Defined Liability Comprising:</b>                                      |                  |                 |
| Return on plan assets excluding amounts included in net interest                                    | 174,843          | 83,757          |
| Changed in demographic assumptions  | (7,846)          | 12,515          |
| Actuarial Gains/(losses) arising from changes in financial assumptions                              | (313,185)        | 103,143         |
| Other experience and actuarial adjustments  | 11,660           | (955)           |
| <b>Total Remeasurements Recognised in Other Comprehensive Income</b>                                | <b>(134,528)</b> | <b>198,460</b>  |
| <b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b> | <b>(170,147)</b> | <b>144,564</b>  |
| <b>Movement in Reserves Statement</b>   |                  |                 |
| Reversal of net charges made to the deficit on the provision of services                            | 35,619           | 53,896          |
| <b>Employers' Contributions Payable to the Scheme</b>   | <b>(19,579)</b>  | <b>(19,157)</b> |

### 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:

|  | 2020/21<br>£000  | 2021/22<br>£000  |
|--|------------------|------------------|
| Fair value of plan assets                                    | 1,094,303        | 1,169,719        |
| Present value of funded liabilities                          | (1,498,809)      | (1,430,565)      |
| Present value of unfunded liabilities                        | (39,782)         | (35,296)         |
| <b>Net Liability Arising from Defined Benefit Obligation</b> | <b>(444,288)</b> | <b>(296,142)</b> |

## Reconciliation of the Movements in Fair Value of Scheme Assets

|  | 2020/21<br>£000  | 2021/22<br>£000  |
|--|------------------|------------------|
| Opening fair value of scheme assets                              | 881,050          | 1,094,303        |
| Interest income  | 19,913           | 21,564           |
| <b>Remeasurement Gain</b>  |                  |                  |
| Return on plan assets excluding amounts included in net interest | 174,843          | 83,757           |
| Contributions from employer into the scheme                      | 50,730           | 3,582            |
| Contributions from employees into the scheme                     | 5,585            | 5,499            |
| Benefits paid  | (37,818)         | (38,986)         |
| <b>Closing Fair Value of Scheme Assets</b>                       | <b>1,094,303</b> | <b>1,169,719</b> |

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 on 31 March.

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

|  | 2020/21<br>£000  | 2021/22<br>£000  |
|--|------------------|------------------|
| Opening fair value of scheme liabilities                               | 1,205,921        | 1,538,591        |
| Current service cost   | 27,474           | 43,717           |
| Interest cost  | 27,667           | 30,861           |
| Contributions from scheme participants                                 | 5,585            | 5,499            |
| <b>Remeasurement Loss</b>  |                  |                  |
| Actuarial (gains)/losses arising from changes in financial assumptions | 313,185          | (103,143)        |
| Change to demographic assumptions                                      | 7,846            | (12,515)         |
| Other experience and actuarial adjustments                             | (11,660)         | 955              |
| Past service cost  | 391              | 882              |
| Benefits paid  | (37,818)         | (38,986)         |
| <b>Closing Fair Value of Scheme Liabilities</b>                        | <b>1,538,591</b> | <b>1,465,861</b> |

## Pension Scheme Assets

|   | Period Ended 31 March 2021           |  |                  |                           | Period Ended 31 March 2022           |  |                  |                           |
|---|--------------------------------------|--|------------------|---------------------------|--------------------------------------|--|------------------|---------------------------|
|   | Quoted prices in active markets £000 | Quoted prices not in active markets £000 | Total £000       | Percentage Total of Asset | Quoted prices in active markets £000 | Quoted prices not in active markets £000 | Total £000       | Percentage Total of Asset |
| <b>Equity Securities</b>                |                                      |  |                  |                           |                                      |  |                  |                           |
| Consumer                                | 96,025                               |  | <b>96,025</b>    | 9%                        | 91,019                               |  | <b>91,019</b>    | 8%                        |
| Manufacturing                           | 85,520                               |  | <b>85,520</b>    | 8%                        | 81,352                               |  | <b>81,352</b>    | 7%                        |
| Energy and Utilities                    | 53,066                               |  | <b>53,066</b>    | 5%                        | 55,396                               |  | <b>55,396</b>    | 5%                        |
| Financial Institutions                  | 114,953                              |  | <b>114,953</b>   | 11%                       | 122,301                              |  | <b>122,301</b>   | 10%                       |
| Health and Care                         | 54,694                               |  | <b>54,694</b>    | 5%                        | 62,401                               |  | <b>62,401</b>    | 5%                        |
| Information Technology                  | 57,801                               |  | <b>57,801</b>    | 5%                        | 62,510                               |  | <b>62,510</b>    | 5%                        |
| Other                                   | 17,680                               |  | <b>17,680</b>    | 2%                        | 14,299                               |  | <b>14,299</b>    | 1%                        |
| <b>Debt Securities</b>                  |                                      |  |                  |                           |                                      |  |                  |                           |
| Corporate Bonds (investment grade)      | 52,894                               |  | <b>52,894</b>    | 5%                        | 46,736                               |  | <b>46,736</b>    | 4%                        |
| UK Government                           |                                      |  | -                | 0%                        | 20,084                               |  | <b>20,084</b>    | 2%                        |
| Other                                   | 14,215                               |  | <b>14,215</b>    | 1%                        | 34,687                               |  | <b>34,687</b>    | 3%                        |
| <b>Private Equity</b>                   |                                      |  |                  |                           |                                      |  |                  |                           |
| All                                     |                                      | 65,132                                   | <b>65,132</b>    | 6%                        | -                                    | 82,639                                   | <b>82,639</b>    | 7%                        |
| <b>Real Estate</b>                      |                                      |  |                  |                           |                                      |  |                  |                           |
| UK Property                             |                                      | 40,888                                   | <b>40,888</b>    | 4%                        | -                                    | 45,316                                   | <b>45,316</b>    | 4%                        |
| <b>Investment Funds and Unit Trusts</b> |                                      |  |                  |                           |                                      |  |                  |                           |
| Equities                                | 98,323                               |  | <b>98,323</b>    | 9%                        | 77,441                               |  | <b>77,441</b>    | 7%                        |
| Bonds                                   | 138,680                              |  | <b>138,680</b>   | 13%                       | 120,702                              |  | <b>120,702</b>   | 10%                       |
| Infrastructure                          |                                      | 55,784                                   | <b>55,784</b>    | 5%                        | -                                    | 67,859                                   | <b>67,859</b>    | 6%                        |
| Other                                   | 23,719                               | 104,057                                  | <b>127,776</b>   | 12%                       | 23,633                               | 132,718                                  | <b>156,351</b>   | 13%                       |
| <b>Derivatives</b>                      |                                      |  |                  |                           |                                      |  |                  |                           |
| Other                                   | (879)                                |  | <b>(879)</b>     | 0%                        | (7,953)                              |  | <b>(7,953)</b>   | -1%                       |
| <b>Cash and Cash Equivalents</b>        |                                      |  |                  |                           |                                      |  |                  |                           |
| All                                     | 21,748                               |  | <b>21,748</b>    | 2%                        | 36,581                               |  | <b>36,581</b>    | 3%                        |
| <b>Totals</b>                           | <b>828,441</b>                       | <b>265,862</b>                           | <b>1,094,303</b> | <b>100%</b>               | <b>841,187</b>                       | <b>328,532</b>                           | <b>1,169,719</b> | <b>100%</b>               |

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest valuation of the scheme as of 31 March 2022

The significant assumptions used by the actuary have been:

|  | 2020/21 | 2021/22 |
|--|---------|---------|
| <b>Mortality assumptions:</b>                  |         |         |
| <b>Longevity at 65 for current pensioners:</b> |         |         |
| men  | 20.5    | 20.3    |
| women  | 23.3    | 23.0    |
| <b>Longevity at 65 for future pensioners:</b>  |         |         |
| men  | 21.9    | 21.6    |
| women  | 25.3    | 25.1    |
| Rate of inflation                              | 2.80%   | 3.15%   |
| Rate of increase in salaries                   | 3.60%   | 3.95%   |
| Rate of increase in pensions                   | 2.85%   | 3.20%   |
| Rate for discounting scheme liabilities        | 2.00%   | 2.70%   |



The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below 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 2020/21.

| Change in Assumptions at 31 March 2021     | Approximate % Increase to Employee Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.1% decrease in real discount rate        | 2%   | 28,090                           |
| 0.1% increase in the salary increase rate  | 0%   | 2,439                            |
| 0.1% increase in the pension increase rate | 2%   | 25,435                           |

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The current triennial valuation took effect from this financial year starting 1 April 2020.

The scheme has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

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

The upfront payment allowed the Council to generate corporate savings as result of a lower employer contribution rate than would have otherwise been calculated. This reduced employer contribution rate was achievable based on the fact that upfront funds received by the GMPF were immediately being used to generate investment returns. Based on the calculations supporting the upfront payment the Council anticipates "notional" contributions to the scheme in 2021/22 of £15.575m (£46.726m split equally across 3 years).

### 31. Cash Flows from Operating Activities

| The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Depreciation   | 36,268          | 38,272          |
| Impairment and downward valuations   | 7,133           | 11,680          |
| Amortisation   | 1,456           | 1,292           |
| Increase/(decrease) in creditors   | 8,958           | 11,512          |
| (Increase)/decrease in debtors   | (5,699)         | (4,615)         |
| (Increase)/decrease in inventories   | 104             | (16)            |
| Movement in pension liability  | (15,111)        | 50,314          |
| Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised   | 1,586           | 9,172           |
| Other non-cash items charged to the net surplus or deficit on the provision of services  | (2,570)         | (9,211)         |
|  | <b>32,125</b>   | <b>108,400</b>  |
| 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) | -               | (1,995)         |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets   | (3,080)         | (9,453)         |
| Any other items for which the cash effects are investing or financing cash flows   | (20,453)        | (59,458)        |
|  | <b>(23,533)</b> | <b>(70,906)</b> |
| The cash flows for operating activities include the following items:   |                 |                 |
| Interest received  | 320             | 122             |
| Interest paid  | (27,418)        | (26,691)        |
| Dividends received   | 950             | 550             |
|  | <b>(26,148)</b> | <b>(26,019)</b> |

### 32. Cash Flows from Investing Activities

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Purchase of property, plant and equipment, investment property and intangible assets               | (45,319)        | (63,560)        |
| Purchase of short-term and long-term investments   | (62,231)        | (20,000)        |
| Other payments for investing activities  | (9,677)         | -               |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 3,080           | 9,453           |
| Proceeds from short-term and long-term investments   | 58,500          | 35,710          |
| Other receipts from investing activities   | 20,373          | 58,522          |
| <b>Net cash flows from investing activities</b>  | <b>(35,274)</b> | <b>20,125</b>   |

### 33. Cash Flows from Financing Activities

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Cash receipts of short and long-term borrowing   | 25,000          | -               |
| Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts | (10,624)        | (10,151)        |
| Repayments of short and long-term borrowing  | (21,148)        | (6,421)         |
| Other payments for financing activities  | (3,325)         | 3,469           |
| <b>Net cash flows from financing activities</b>  | <b>(10,097)</b> | <b>(13,103)</b> |

### 33a. Reconciliation of Liabilities Arising from Financing Activities

|  | 01 April<br>2021<br>£000 | Financing<br>cash<br>flows<br>£000 | Acquisition<br>£000 | Other<br>non-cash<br>changes<br>£000 | 31 March<br>2022<br>£000 |
|--|--------------------------|------------------------------------|---------------------|--------------------------------------|--------------------------|
| Long-term borrowings   | 168,355                  | (241)                              | -                   | (6,610)                              | 161,504                  |
| Short-term borrowings  | 6,697                    | (5,000)                            | -                   | 6,596                                | 8,293                    |
| Lease Liabilities  | 651                      | (405)                              | 373                 | -                                    | 619                      |
| Transferred Debt   | 1,224                    | (1,180)                            | -                   | -                                    | 44                       |
| On balance sheet PFI Liabilities                               | 222,531                  | (9,746)                            | -                   | -                                    | 212,785                  |
| <b>Amounts included as part of (debtor)/creditor balances:</b> |                          |                                    |                     |                                      |                          |
| Amounts owed to/from Collection Fund preceptors                | (3,696)                  | 3,469                              | -                   | -                                    | (227)                    |
| <b>Total Liabilities from financing activities</b>             | <b>395,762</b>           | <b>(13,103)</b>                    | <b>373</b>          | <b>(14)</b>                          | <b>383,018</b>           |

|  | 01 April<br>2020<br>£000 | Financing<br>cash<br>flows<br>£000 | Acquisition<br>£000 | Other<br>non-cash<br>changes<br>£000 | 31 March<br>2021<br>£000 |
|--|--------------------------|------------------------------------|---------------------|--------------------------------------|--------------------------|
| Long-term borrowings   | 168,364                  | -                                  | -                   | (9)                                  | 168,355                  |
| Short-term borrowings  | 1,716                    | 4,960                              | -                   | 21                                   | 6,697                    |
| Lease Liabilities  | 788                      | (408)                              | 271                 | -                                    | 651                      |
| Transferred Debt   | 2,332                    | (1,108)                            | -                   | -                                    | 1,224                    |
| On balance sheet PFI Liabilities                               | 232,747                  | (10,216)                           | -                   | -                                    | 222,531                  |
| <b>Amounts included as part of (debtor)/creditor balances:</b> |                          |                                    |                     |                                      |                          |
| Amounts owed to/from Collection Fund preceptors                | (371)                    | (3,325)                            | -                   | -                                    | (3,696)                  |
| <b>Total Liabilities from financing activities</b>             | <b>405,576</b>           | <b>(10,097)</b>                    | <b>271</b>          | <b>12</b>                            | <b>395,762</b>           |

## 34. Accounting Policies

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS).

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

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

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

### 1.2 Property, Plant and Equipment

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

#### Recognition

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

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

#### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Where decreases in value are identified, they are accounted for as follows:

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

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

## **Impairment**

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

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

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

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant Portfolio line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of

the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

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

Depreciation is calculated on the following bases:

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

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

## **Component Accounting**

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

Components are recognised in the financial year where:

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

## **Disposals**

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

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

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

need to borrow (the capital financing requirement). Receipts are transferred to the Useable Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

### **1.3 Heritage Assets**

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

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

### **1.4 Investment Property**

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

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

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

### **1.5 Private Finance Initiative (PFI) and Similar Contracts**

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

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

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

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

## 1.6 Accounting for Schools

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

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

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

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

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

## 1.7 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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



## **1.8 Capital Charges to Revenue for Non-Current Assets**

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

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

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

## **1.9 Financial Instruments**

### **Financial Liabilities**

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

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

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

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

## Financial Assets

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

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

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

### Financial Assets Measured at Amortised Cost

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

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

### Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

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; and
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in section 1.23 Fair Value Measurement.

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

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

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

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

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

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

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

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

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

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Instruments Entered into Before 1 April 2006**

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

## **1.10 Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. mobile phones) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

### **Employee Accumulated Absence Accrual**

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday entitlement occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-Employment Benefits**

Employees of the Council are members of three separate pension schemes:

- The Greater Manchester Local Government Pension Scheme - administered by Tameside Metropolitan Borough Council.
- The Teachers' Pension Scheme - administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme - administered by EA Finance NHS Pensions.

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

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year. The Community Health & Adult Social Care Portfolio line in the

Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

### **The Greater Manchester Local Government Pension Scheme**

The Greater Manchester Local Government Pension Scheme is accounted for as a defined benefits scheme.

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

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

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

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

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

### **Remeasurement comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- contributions paid to the Greater Manchester Pension Fund - cash paid as employer contributions to the pension scheme in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits, and replace them with debits for the cash paid to the pension fund, and pensioners, and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **1.11 Accruals of Income and Expenditure**

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

Where income and expenditure has 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 payment; 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 from the sale of an asset or paid over 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 2021/22 Code.

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

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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

### 36. Critical Judgements in Applying Accounting Policies

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

#### Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the 3-year period 2020/21 – 2022/23, the Council agreed with the Greater Manchester Pension Fund (GMPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) could be paid as a single up-front payment. Subsequently, in April 2020 the Council paid £46.726m based on an estimated pensionable payroll of £79.874m per annum in order to make a budget saving. In line with the Council's accounting policies, in 2020/21 the amounts relating to 2021/22 and 2022/23 were offset against the pension liability on the balance sheet. These amounts will be reflected in the pension reserve in the years to which they relate.

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

#### Accounting for Schools – Balance Sheet Recognition of Schools

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

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

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

| Type of School              | No. of Primary Schools | No. of Secondary Schools | No. of Special Schools | Total      |
|-----------------------------|------------------------|--------------------------|------------------------|------------|
| Community                   | 24                     | 1                        | 1                      | 26         |
| Voluntary Controlled (VC)   | 5                      | -                        | -                      | 5          |
| Voluntary Aided (VA)        | 28                     | 1                        | -                      | 29         |
| Foundation/Foundation Trust | 4                      | 1                        | -                      | 5          |
| <b>Maintained Schools</b>   | <b>61</b>              | <b>3</b>                 | <b>1</b>               | <b>65</b>  |
| Academies                   | 25                     | 10                       | 6                      | 41         |
| <b>Total</b>                | <b>86</b>              | <b>13</b>                | <b>7</b>               | <b>106</b> |

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

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

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

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

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

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

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

### **Group Boundaries**

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the

continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council has assessed its group boundary for 2021/22. The Council has identified three subsidiaries who are considered to be material and will be consolidated into its group accounts. They are MioCare Group Community Interest Company (CIC), The Unity Partnership Limited and The Meridian Group. From 1 April 2022, all Unity Partnership Limited services will be transferred back to the Council. This transfer on 1 April 2022, will therefore not affect the consolidation of the Council's groups accounts for 2021/22. Further details can be found in the group accounts in section 5.

### **Investment Properties**

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

### **Airport Investment**

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

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

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

### **Debt Impairment**

At 31 March 2022, the Council had a balance of short-term debtors of £99.723m. A review of significant balances suggested that an expected credit loss of £49.461m 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 2022. 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 2022 the Council's valuers advised an increase of £1.400m in the fair value of the shares held by Oldham Council from £32.000m to £33.400m which has been reflected in the financial statements.

The Council also holds a 10% holding in Manchester Airport Car Park (1) Limited is valued on the updated financial forecast, taking into account the impact of COVID-19 on earnings and the reduced passenger numbers at Manchester Airport as evidenced in the Council valuation of its shareholding in MAHL. The data is then adjusted by discount factors to allow for the fact that the shares are not publicly traded and that the Council holds a minority interest with no voting rights.

As at 31 March 2022 the Council's valuers advised of a decrease in the fair value of the shares held by Oldham Council by £0.900m from £5.700m to £4.800m 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 2021/22 the Council's actuaries advised that the net pension liability had decreased by £148.146m to £296.142m.

The effect of changes in the individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £28.090m. A 0.1% increase in the assumed salary increase rate would result in a £2.439m increase in the pension liability and an increase of 0.1% in the assumed pension increase rate would increase the pension liability by £25.435m.

### **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.

### **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 2021/22 and earlier financial years. A provision has therefore been recognised in the statement of accounts. The estimated provision has been calculated using the latest Valuation Office Agency (VOA) ratings list of ratings appeals and the analysis of successful appeals to date. The Council's share of the balance of business rate appeals provisions at 31 March 2022 was £8.182m.

### **Provisions**

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

During 2021/22 there was a reduction in the Short-term Insurance provision of £0.650m from £2.183m in 2020/21 to £1.533m whilst Other Provisions increased by £1.044m to £8.623. In total, Short Term Provisions were therefore £10.155m as at 31 March 2022.

Long-term Insurance Provisions reduced by £3.126m and, with a release of £2.997m of Other Long-term Provisions this has resulted in a Long Term Provisions balance of £9.543m as at 31 March 2022. For future years, where it is difficult to provide a reliable estimate, contingent liabilities have been disclosed in addition to long-term provisions.

Whilst there is always a requirement to make assumptions and always an element of uncertainty, the COVID-19 pandemic and the moving to a new normal has added an extra challenge which has heightened risk in considering future estimates.

### **38. Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the Director of Finance on 31 May 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## 4.1 Housing Revenue Account (HRA)

### Housing Revenue Account Income and Expenditure Statement

| HRA Income and Expenditure Statement   | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| <b>Expenditure</b>   |                 |                 |
| Repairs and Maintenance  | 3,310           | 3,801           |
| Supervision and Management   | 4,214           | 4,838           |
| Rent, rates, taxes and other charges   | 2,693           | 3,134           |
| Depreciation, impairment and revaluation losses of non-current assets  | 5,275           | 7,902           |
| Debt management costs  | 145             | 145             |
| Movement for the allowance of bad debts  | -               | -               |
| <b>Total Expenditure</b>   | <b>15,637</b>   | <b>19,820</b>   |
| <b>Income</b>  |                 |                 |
| Dwellings rents  | (8,728)         | (8,787)         |
| Non-dwelling rents   | (34)            | (36)            |
| Charges for services and facilities  | (1,031)         | (1,060)         |
| Contributions towards expenditure  | (44)            | (56)            |
| PFI Credits receivable   | (18,799)        | (18,799)        |
| <b>Total Income</b>  | <b>(28,635)</b> | <b>(28,738)</b> |
|  |                 |                 |
| <b>Net Surplus relating to HRA Services as included in the Comprehensive Income and Expenditure Statement</b>            | <b>(12,999)</b> | <b>(8,918)</b>  |
| <b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b> |                 |                 |
| Gain on sale of HRA non-current assets   | (50)            | (326)           |
| Movement for the allowance of bad debts  |                 | -               |
| Interest payable and similar charges   | 10,856          | 10,674          |
| HRA Interest and investment income   | (69)            | -               |
| <b>Surplus for the year on HRA Services</b>  | <b>(2,263)</b>  | <b>1,429</b>    |

### Statement of Movement in the Housing Revenue Account

| Movement on the HRA Statement  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Opening Balance  | (21,795)        | (21,370)        |
| Surplus for the year on the HRA Income and Expenditure Statement     | (2,263)         | 1,429           |
| Adjustments between accounting basis and funding basis under statute | 2,688           | (1,779)         |
| (Increase)/Decrease in the HRA Balance                               | 425             | (350)           |
| <b>Closing Balance</b>   | <b>(21,370)</b> | <b>(21,719)</b> |



| Note to Movement on the HRA Statement   | 2020/21<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|
| <b>Analysis of adjustments between accounting basis and funding basis under statute</b> |                 |                 |
| Depreciation, impairment and revaluation losses of non-current assets                   | (5,278)         | (7,916)         |
| Minimum Revenue Provision   | 5,301           | 4,806           |
| Gain or loss on sale of HRA fixed assets  | 53              | 340             |
| Capital Expenditure funded by the HRA   | 2,532           | 912             |
| Transfer to Major Repairs Reserve   | 80              | 78              |
| <b>Net Adjustment</b>   | <b>2,688</b>    | <b>(1,779)</b>  |

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 2021/22 for the production of its 2021/22 Statement of Accounts. However, there is one area where, in order to achieve a true and fair view, the Council has departed from the guidance which is explained below.

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

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

Previously, the Department of Levelling Up, Housing and Communities (formerly known as MHCLG) has confirmed that depreciation need not be charged to the HRA in respect of Oldham's PFI housing stock. Therefore, the Council will continue with the accounting treatment previously permitted under the transitional arrangements and has reversed the depreciation charge from the HRA to the Capital Adjustment Account.

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

|                         | Current<br>2021/22<br>Balance<br>£000 | Adjustment for<br>the Item 8<br>Determination<br>£000 | Adjusted<br>2021/22<br>Balance<br>£000 |
|-------------------------|---------------------------------------|---|--|
| Housing Revenue Account | (21,719)                              | 5,453   | (16,266)                               |
| Major Repairs Reserve   | (806)                                 | (5,453)   | (6,259)                                |

The HRA financial statements present a true and fair view of the Council's HRA financial position, financial performance and cash flows, the Council has complied with the CIPFA Code of Practice in all areas except that which is described above.

#### 4.1.1 Explanatory Notes to the Housing Revenue Account

##### H1. Housing Stock – Numbers

At 31 March 2022, the Council had a total housing stock of 2,097 dwellings. This was comprised of 1,243 Houses and Bungalows, and 854 Flats and Maisonettes.

The balance sheet value of HRA assets was as follows:

|                            | 31 March<br>2021<br>£000 | 31 March<br>2022<br>£000 |
|----------------------------|--------------------------|--------------------------|
| Dwellings                  | 75,252                   | 75,218                   |
| Other Operational Property | 1,404                    | 7,173                    |
| Plant and Machinery        | 862                      | 763                      |
| <b>Total</b>               | <b>77,518</b>            | <b>83,154</b>            |

The Vacant Possession Dwellings valuation is £201.902m as at 31 March 2022. The difference between the vacant possession value and the Balance Sheet value of dwellings within the HRA shows the cost of providing Council housing at less than open market rents.

##### H2. Depreciation and Impairment of Assets

Depreciation and impairment of Property, Plant and Equipment is shown below.

| Depreciation  | Operational<br>Assets<br>£000 |
|---|-------------------------------|
| Balance at 1 April 2021   | 5,487                         |
| Depreciation written off during the year                                  | (5,236)                       |
| Depreciation during the year - Dwellings                                  | 5,453                         |
| Depreciation during the year - Other land and Buildings/Plant & Machinery | 79                            |
| <b>Balance at 31 March 2022</b>   | <b>5,783</b>                  |

| Impairment and Revaluation Loss                | Operational Assets<br>£000 |
|--|----------------------------|
| Balance at 1 April 2021                        | (1,593)                    |
| Restated Revaluation loss from previous year   | (97)                       |
| Impairment written off during the year         | (180)                      |
| Previous year impairment reversed              | 95                         |
| Revaluation loss during the year               | (2,369)                    |
| Revaluation gain to reverse previous year loss | 164                        |
| <b>Balance at 31 March 2022</b>                | <b>(3,980)</b>             |

The HRA assets are subject to an annual revaluation programme, as a result any impairments or revaluation losses are written off against the revised revaluation and reflected in the gross value.

DRAFT

## 4.2 Collection Fund

### Collection Fund Statement

| 2020/21<br>Total<br>£000 |   | 2021/22<br>Council<br>Tax<br>£000 | 2021/22<br>Business<br>Rates<br>£000 | 2021/22<br>Total<br>£000 | Note |
|--------------------------|---|-----------------------------------|--------------------------------------|--------------------------|------|
|                          | <b>Income</b>   |                                   |                                      |                          |      |
| (114,438)                | Council Tax Payers  | (119,122)                         |                                      | (119,122)                | C2   |
| (31,383)                 | Income from Business Ratepayers   |                                   | (49,114)                             | (49,114)                 | C3   |
| <b>(145,821)</b>         |   | <b>(119,122)</b>                  | <b>(49,114)</b>                      | <b>(168,236)</b>         |      |
|                          | <b>Expenditure</b>  |                                   |                                      |                          |      |
|                          | <b>Precepts:</b>  |                                   |                                      |                          |      |
| 96,756                   | - Oldham Council  | 98,852                            |                                      | 98,852                   |      |
| 12,011                   | - Greater Manchester Mayoral Police and Crime Commissioner Precept                | 12,487                            |                                      | 12,487                   |      |
| 5,244                    | - Greater Manchester Mayoral General Precept (including Fire Services)            | 5,202                             |                                      | 5,202                    |      |
|                          | <b>Contribution Towards Previous Year's Council Tax Deficit</b>                   |                                   |                                      |                          |      |
| 351                      | - Oldham Council  | (1,119)                           |                                      | (1,119)                  |      |
| 43                       | - Greater Manchester Mayoral Police and Crime Commissioner Precept                | (139)                             |                                      | (139)                    |      |
| 17                       | - Greater Manchester Mayoral General Precept (including Fire Services)            | (61)                              |                                      | (61)                     |      |
|                          | <b>Business Rates:</b>  |                                   |                                      |                          |      |
| 53,436                   | - Payments to Oldham Council  |                                   | 51,166                               | 51,166                   |      |
| 540                      | - Greater Manchester Mayoral General Precept (incl. Fire Services)                |                                   | 517                                  | 517                      |      |
|                          | <b>Contribution Towards Previous Year's Business Rates Deficit</b>                |                                   |                                      |                          |      |
| 1,050                    | - Payments from Oldham Council  |                                   | (23,203)                             | (23,203)                 |      |
| 11                       | - Greater Manchester Mayoral General Precept (including Fire Services)            |                                   | (234)                                | (234)                    |      |
| 295                      | Cost of Collection  | -                                 | 295                                  | 295                      |      |
| 889                      | Transitional Protection Payments Due for the Year                                 | -                                 | 231                                  | 231                      |      |
| 4,062                    | Change in Allowance for Impairment  | 906                               | 948                                  | 1,854                    |      |
| 1,323                    | Write-offs charged to Collection Fund   | 2,506                             | 359                                  | 2,865                    |      |
| 301                      | Change in provision for alteration of lists and appeals                           | -                                 | 1,444                                | 1,444                    |      |
| <b>176,329</b>           |   | <b>118,634</b>                    | <b>31,523</b>                        | <b>150,157</b>           |      |
| <b>30,508</b>            | <b>Deficit/(Surplus) for the year</b>   | <b>(488)</b>                      | <b>(17,591)</b>                      | <b>(18,079)</b>          |      |
|                          | <b>Collection Fund Balance</b>  |                                   |                                      |                          |      |
| (3,295)                  | Balance brought forward at 1 April  | 3,446                             | 23,766                               | 27,212                   |      |
| 30,508                   | Deficit/(Surplus) for the year  | (488)                             | (17,591)                             | (18,079)                 |      |
| <b>27,213</b>            | <b>Balance carried forward at 31 March</b>  | <b>2,958</b>                      | <b>6,175</b>                         | <b>9,133</b>             |      |
|                          | <b>Allocated to:</b>  |                                   |                                      |                          |      |
| 26,453                   | - Oldham Council  | 2,509                             | 6,113                                | 8,622                    |      |
| 365                      | - Greater Manchester Police and Crime Commissioner                                | 315                               | -                                    | 315                      |      |
| 395                      | - Greater Manchester Mayoral General Precept (including Fire and Rescue services) | 134                               | 62                                   | 196                      |      |
| <b>27,213</b>            |   | <b>2,958</b>                      | <b>6,175</b>                         | <b>9,133</b>             |      |

## Explanatory Notes to the Collection Fund

### C1. General

The Council is required to maintain a separate agency Collection Fund account. The Collection Fund account includes all transactions relating to collection of Business Rates and Council Tax income from taxpayers and their distribution to Local Government bodies. The Collection Fund is accounted for separately from the General Fund.

Any Collection Fund surpluses or deficits declared by Oldham Council (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 Mayoral Police and Crime Commissioner Precept and the Mayoral General Precept (including Fire Services).

Business Rates surpluses or deficits are distributed in accordance with the relevant proportions set out in the localised Business Rate regulations. From 1 April 2017/18 onward, the Council has taken part in the Greater Manchester 100% Business Rates Retention pilot scheme, therefore for 2021/22 the Oldham Council share is 99% with the remainder paid to the GMCA for the Mayoral General Precept (including Fire Service).

The Collection Fund deficit for 2021/22 is again larger than in pre-pandemic years, particularly in relation to Business Rates. This is primarily as a result of businesses again being awarded expanded retail and nursery reliefs in 2021/22 totalling £8.807m, as part of the Governments continuing response to the COVID-19 pandemic. These reliefs were not anticipated when the 2021/22 NNDR1 Government return was submitted to Central Government in January 2021. This Government return informed the Council's Budget setting for 2021/22.

The reliefs effectively reduce the net amount the Council can collect from businesses, and as the precept amounts cannot be changed the result is a considerable deficit in the Collection Fund. However, these reliefs are funded by DLUHC through grants paid to the Council under Section 31 of the Local Government Act 2003. These grants were received in 2021/22 and grant for the Extended Retail Relief and Nursery Discount was transferred to Council's earmarked reserves (specifically the Balancing Budget Reserve). This grant will be used to offset the Collection Fund deficit when it is charged to the Council's General Fund in 2022/23.

A further relief announced in March 2021 but for which guidance was only issued in December 2021 was the COVID-19 Additional Relief Fund (CARF). The Council was awarded £4.204m of CARF grant. However, given the timing of the award and the requirements to apply the reliefs to businesses, it was not utilised in 2021/22. In a change to the anticipated position, as the CARF grant was received on account and as it will not be reconciled until 2022/23, the grant has been treated as a receipt in advance and is held as a creditor on the Council's balance sheet.

The financial year 2021/22 marked the second year of charges relating to the spreading of the 2020/21 exceptional balances for both Council Tax and Business Rates. The intention to implement the three-year local tax collection fund deficit phasing was announced by the Secretary of State on 2 July 2020. The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament on 5 November 2020 and came into force on 1 December 2020. The regulations amended the rules governing the apportionment of Collection Fund surpluses and deficits for Council Tax and Business Rates set out in the Local Authorities (Funds) (England) Regulations 1992 and the Non-Domestic Rating (Rates Retention) Regulations 2013. The phasing of deficits relates only to the 'exceptional amount' (i.e. relating to COVID-19), therefore does not include any amount brought forward into the Collection Fund, relating to previous years surpluses or deficits.

## C2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2021/22 was 57,200 (57,663 in 2020/21). The decrease between financial years evidences the continuing effects of the Coronavirus pandemic and the increase in claimants of Council Tax Reduction (CTR).

The tax base for 2021/22 was approved at the Cabinet meeting on 14 December 2020 and was calculated as follows:

| Band   | Chargeable Dwellings | Proportion of Band D Tax | Equivalent Band D Dwellings |
|--|----------------------|--------------------------|-----------------------------|
| A Reduced  | 129                  | 5/9                      | 72                          |
| A  | 43,668               | 6/9                      | 29,111                      |
| B  | 15,663               | 7/9                      | 12,182                      |
| C  | 14,838               | 8/9                      | 13,189                      |
| D  | 6,480                | 9/9                      | 6,480                       |
| E  | 3,125                | 11/9                     | 3,820                       |
| F  | 1,450                | 13/9                     | 2,095                       |
| G  | 846                  | 15/9                     | 1,410                       |
| H  | 55                   | 18/9                     | 110                         |
| Net effect of premiums and discounts               |                      |                          | (9,348)                     |
| Tax Base before adjustment for collection rate     |                      |                          | 59,121                      |
| Estimated collection rate                          |                      |                          | 96.75%                      |
| <b>Tax Base for the Calculation of Council Tax</b> |                      |                          | <b>57,200</b>               |

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 taxpayers in 2021/22 was £119.122m (£114.438m 2020/21).

## 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 2021/22, the total non-domestic rateable value at 31 March 2022 is £156.833m (£156.088m in 2020/21). As set out in the Spending Review on 25 November 2020 the Government decided to freeze the business rate multipliers for 2021/22 at 49.9p for qualifying Small Businesses, and the standard multiplier being 51.2p for all other businesses (49.9p and 51.2p respectively in 2020/21).

## 5.0 Group Accounts

### Introduction

The Council is a complex organisation and undertakes a broad range of activities, often in conjunction with external organisations. In some cases, the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

As subsidiary entities, MioCare Group CIC (MioCare), the Unity Partnership Limited (Unity) and the Meridian Group have been consolidated on a line by line basis with all intra-group transactions and balances removed.

DRAFT

## 5.1 Group Comprehensive Income and Expenditure Statement (CIES)

The Council has restated the CIES for 2020/21. The 2020/21 Cost of Services figures are presented in the 2021/22 reporting structure to enable a comparison between the years. In addition, the 2020/21 figures have been restated to reflect the change in accounting periods for MioCare.

| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |  | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
|---------------------------|----------------------|-------------------------|--|---------------------------|----------------------|-------------------------|
| 32,192                    | (9,848)              | 22,344                  | Chief Executive  | 42,627                    | (10,460)             | 32,167                  |
| 756                       | (268)                | 488                     | Commissioning  | 741                       | (400)                | 341                     |
| 72,655                    | (24,692)             | 47,963                  | People and Place   | 72,326                    | (32,653)             | 39,673                  |
| 266,567                   | (192,339)            | 74,228                  | Children's Services  | 290,506                   | (205,099)            | 85,407                  |
| 118,891                   | (63,047)             | 55,844                  | Community Health and Adult Social Care                                     | 128,289                   | (52,752)             | 75,537                  |
| 51,951                    | (17,704)             | 34,247                  | Communities and Reform   | 54,140                    | (13,935)             | 40,205                  |
| 46,587                    | (51,118)             | (4,531)                 | Capital Treasury and Technical Accounting                                  | 37,642                    | (44,346)             | (6,704)                 |
| 6,731                     | -                    | 6,731                   | Corporate and Democratic Core  | 6,815                     | -                    | 6,815                   |
| 15,596                    | (28,635)             | (13,039)                | Housing Revenue Account  | 19,670                    | (28,738)             | (9,068)                 |
| <b>611,926</b>            | <b>(387,651)</b>     | <b>224,275</b>          | <b>Cost of Services</b>  | <b>652,756</b>            | <b>(388,383)</b>     | <b>264,373</b>          |
|                           |                      | 291                     | Other Operating Expenditure  |                           |                      | 300                     |
|                           |                      | -                       | Parish Council precepts  |                           |                      | 392                     |
|                           |                      | 33,591                  | Payments to Housing capital receipts to Government pool                    |                           |                      | 33,089                  |
|                           |                      | (1,352)                 | Levies   |                           |                      | (2,013)                 |
|                           |                      | <b>32,530</b>           | (Gains)/losses on the disposal of non-current assets                       |                           |                      | <b>31,769</b>           |
|                           |                      | 33,474                  | <b>Total Other Operating Expenditure</b>                                   |                           |                      | 27,923                  |
|                           |                      | (286,567)               | Financing and Investment Income and Expenditure                            |                           |                      | (313,352)               |
|                           |                      | <b>3,711</b>            | Taxation and Non-Specific Grant Income                                     |                           |                      | <b>10,713</b>           |
|                           |                      | (275)                   | <b>(Surplus) or Deficit on Provision of Services</b>                       |                           |                      | <b>312</b>              |
|                           |                      | <b>3,436</b>            | Tax expense of Subsidiaries  |                           |                      | <b>11,025</b>           |
|                           |                      | (21,818)                | <b>Group (Surplus)/Deficit</b>   |                           |                      | (49,857)                |
|                           |                      | 190                     | Other Comprehensive Income and Expenditure                                 |                           |                      | 1,260                   |
|                           |                      | (1,893)                 | Revaluation (gains)/losses non-current assets                              |                           |                      | (500)                   |
|                           |                      | 153,468                 | Impairment losses on non-current assets                                    |                           |                      | (228,225)               |
|                           |                      | (1,220)                 | (Surplus) or deficit on revaluation of available for sale financial assets |                           |                      | -                       |
|                           |                      | -                       | Remeasurement of net defined benefit liability                             |                           |                      | -                       |
|                           |                      | 128,727                 | Deferred Tax relating to pension scheme                                    |                           |                      | (277,322)               |
|                           |                      | 132,163                 | Dividends Paid   |                           |                      | (266,297)               |
|                           |                      |                         | <b>Total Other Comprehensive Income and Expenditure</b>                    |                           |                      |                         |
|                           |                      |                         | <b>Total Comprehensive Income and Expenditure</b>                          |                           |                      |                         |



## 5.2 Group Movement in Reserves Statement

This statement shows the movement in the year of the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and other reserves. The 'Surplus or Deficit on the Provision of Services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwelling rent setting purposes. The opening balance of the Council's share of Group Reserves has been restated to reflect the change in the MioCare Group's accounting period.

DRAFT

| Movement in reserves during 2021/22   | General Fund Balance | Earmarked General Fund Reserves | Total General Fund Balance | HRA             | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Council Reserves | Council's Share of Group reserves | Total Reserves   |
|---|----------------------|---------------------------------|----------------------------|-----------------|--------------------------|-----------------------|----------------------------------|-----------------------|-------------------|------------------------|-----------------------------------|------------------|
|   | £000                 | £000                            | £000                       | £000            | £000                     | £000                  | £000                             | £000                  | £000              | £000                   | £000                              | £000             |
| <b>Restated Balance at 1 April</b>  | (17,263)             | (142,964)                       | <b>(160,227)</b>           | (21,371)        | -                        | (806)                 | (20,651)                         | <b>(203,055)</b>      | 148,524           | <b>(54,531)</b>        | 25,276                            | <b>(29,255)</b>  |
| <b>Movement in Reserves during 2021/22</b>  |                      |                                 |                            |                 |                          |                       |                                  |                       |                   |                        |                                   |                  |
| Council's Share of Meridian Group Reserves following reclassification of Group Boundary | -                    | -                               | -                          | -               | -                        | -                     | -                                | -                     | -                 | -                      | (2,225)                           | (2,225)          |
| Restated Balance at 1 April   | (17,263)             | (142,964)                       | <b>(160,227)</b>           | (21,371)        | -                        | (806)                 | (20,651)                         | <b>(203,055)</b>      | 148,524           | <b>(54,531)</b>        | 23,051                            | <b>(31,480)</b>  |
| Total Comprehensive Income and Expenditure  | (29,267)             | -                               | <b>(29,267)</b>            | 1,429           | -                        | -                     | -                                | <b>(27,838)</b>       | (247,619)         | <b>(275,457)</b>       | 9,158                             | <b>(266,299)</b> |
| Adjustments Between Accounting Basis and Funding Basis under regulations                | 13,235               | -                               | <b>13,235</b>              | (1,779)         | -                        | (78)                  | 4,704                            | <b>16,082</b>         | (16,082)          | -                      | -                                 | -                |
| Adjustments Between Group Accounts and Authority Accounts                               | 36,097               | -                               | <b>36,097</b>              | -               | -                        | -                     | -                                | <b>36,097</b>         | -                 | <b>36,097</b>          | (36,097)                          | -                |
| <b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>                   | <b>20,065</b>        | -                               | <b>20,065</b>              | <b>(350)</b>    | -                        | <b>(78)</b>           | <b>4,704</b>                     | <b>24,341</b>         | <b>(263,701)</b>  | <b>(239,360)</b>       | (26,939)                          | <b>(266,299)</b> |
| Transfers To/(From) Earmarked Reserves  | (22,814)             | 22,814                          | -                          | -               | -                        | -                     | -                                | -                     | -                 | -                      | -                                 | -                |
| <b>(Increase)/Decrease in year</b>  | <b>(2,749)</b>       | <b>22,814</b>                   | <b>20,065</b>              | <b>(350)</b>    | -                        | <b>(78)</b>           | <b>4,704</b>                     | <b>24,341</b>         | <b>(263,701)</b>  | <b>(239,360)</b>       | <b>(26,939)</b>                   | <b>(266,299)</b> |
| <b>Balance at 31 March</b>  | <b>(20,012)</b>      | <b>(120,150)</b>                | <b>(140,162)</b>           | <b>(21,721)</b> | -                        | <b>(884)</b>          | <b>(15,947)</b>                  | <b>(178,714)</b>      | <b>(115,177)</b>  | <b>(293,891)</b>       | <b>(3,888)</b>                    | <b>(297,779)</b> |

| Movement in reserves during 2020/21 - Restated                           | General Fund Balance | Earmarked General Fund Reserves | Total General Fund Balance | HRA      | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Council Reserves | Council's Share of Group reserves | Total Reserves |
|--|----------------------|---------------------------------|----------------------------|----------|--------------------------|-----------------------|----------------------------------|-----------------------|-------------------|------------------------|-----------------------------------|----------------|
|  | £000                 | £000                            | £000                       | £000     | £000                     | £000                  | £000                             | £000                  | £000              | £000                   | £000                              | £000           |
| <b>Balance at 1 April Brought Forward</b>                                | (15,110)             | (92,781)                        | (107,891)                  | (21,796) | -                        | (726)                 | (21,018)                         | (151,431)             | (15,630)          | (167,061)              | 5,642                             | (161,419)      |
| <b>Movement in Reserves during 2020/21</b>                               |                      |                                 |                            |          |                          |                       |                                  |                       |                   |                        |                                   |                |
| Total Comprehensive Income and Expenditure                               | (28,737)             | -                               | (28,737)                   | (2,263)  | -                        | -                     | -                                | (31,000)              | 111,008           | 80,008                 | 52,156                            | 132,164        |
| Adjustments Between Group Accounts and Authority Accounts                | (56,121)             | -                               | (56,121)                   | 2,688    | -                        | (80)                  | 367                              | (53,146)              | 53,146            | -                      | -                                 | -              |
| Adjustments Between Accounting Basis and Funding Basis under regulations | 32,522               | -                               | 32,522                     | -        | -                        | -                     | -                                | 32,522                | -                 | 32,522                 | (32,522)                          | -              |
| <b>Net (Increase)/Decrease before transfers to Earmarked Reserves</b>    | (52,336)             | -                               | (52,336)                   | 425      | -                        | (80)                  | 367                              | (51,624)              | 164,154           | 112,530                | 19,634                            | 132,164        |
| Transfers To/(From) Earmarked Reserves                                   | 50,183               | (50,183)                        | -                          | -        | -                        | -                     | -                                | -                     | -                 | -                      | -                                 | -              |
| <b>(Increase)/Decrease in year</b>                                       | (2,153)              | (50,183)                        | (52,336)                   | 425      | -                        | (80)                  | 367                              | (51,624)              | 164,154           | 112,530                | 19,634                            | 132,164        |
| <b>Balance at 31 March</b>   | (17,263)             | (142,964)                       | (160,227)                  | (21,371) | -                        | (806)                 | (20,651)                         | (203,055)             | 148,524           | (54,531)               | 25,276                            | (29,255)       |

### 5.3 Group Balance Sheet

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

| Restated<br>31 March 2021<br>£000 |   | 31 March 2022<br>£000 |
|-----------------------------------|---|-----------------------|
| 754,641                           | Property Plant and Equipment              | 810,202               |
| 19,770                            | Heritage Assets                           | 19,770                |
| 18,817                            | Investment Property                       | 19,801                |
| 4,271                             | Intangible Assets                         | 5,780                 |
| 54,115                            | Long Term Investments                     | 55,073                |
| 35,034                            | Long Term Debtors                         | 38,235                |
| -                                 | Deferred Tax Asset                        | 2,337                 |
| <b>886,648</b>                    | <b>Long Term Assets</b>                   | <b>951,198</b>        |
| 40,671                            | Short Term Investments                    | 27,676                |
| 517                               | Inventories                               | 533                   |
| 53,767                            | Short Term Debtors                        | 53,942                |
| 26,415                            | Cash and Cash Equivalents                 | 62,607                |
| -                                 | Current Tax Asset                         | -                     |
| 568                               | Assets Held For Sale (Less than one year) | 1,745                 |
| <b>121,938</b>                    | <b>Current Assets</b>                     | <b>146,503</b>        |
| (6,697)                           | Short Term Borrowing                      | (8,293)               |
| (80,202)                          | Short Term Creditors                      | (96,610)              |
| (9,761)                           | Short Term Provisions                     | (10,155)              |
|                                   | Short Term Liabilities                    |                       |
| (9,746)                           | - Private Finance Initiatives             | (8,959)               |
| (302)                             | - Finance Leases                          | (315)                 |
| (1,180)                           | - Transferred Debt                        | (6)                   |
| <b>(107,888)</b>                  | <b>Current Liabilities</b>                | <b>(124,338)</b>      |
| (15,666)                          | Long Term Provisions                      | (9,543)               |
| (168,355)                         | Long Term Borrowing                       | (161,504)             |
|                                   | Other Long Term Liabilities               |                       |
| (473,132)                         | - Pension Liabilities                     | (299,248)             |
| (212,785)                         | - Private Finance Initiatives             | (203,826)             |
| (349)                             | - Finance Leases                          | (303)                 |
| (44)                              | - Transferred Debt                        | (38)                  |
| (17)                              | - Deferred Credits                        | (17)                  |
| (1,095)                           | Capital Grants Receipts In Advance        | (1,103)               |
| <b>(871,443)</b>                  | <b>Long Term Liabilities</b>              | <b>(675,582)</b>      |
| <b>29,255</b>                     | <b>Net Assets</b>                         | <b>297,781</b>        |
| (177,779)                         | Usable Reserves                           | (181,145)             |
| 148,524                           | Unusable Reserves                         | (116,635)             |
| <b>(29,255)</b>                   | <b>Total Reserves</b>                     | <b>(297,780)</b>      |

## 5.4 Group Cash Flow Statement

|  | 2020/21<br>Restated<br>£000 | 2021/22<br>£000 |
|--|-----------------------------|-----------------|
| Net (deficit) on the provision of services   | (3,436)                     | (11,022)        |
| Adjustment to surplus or deficit on the provision of services for non-cash movements   | 37,046                      | 111,099         |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (23,533)                    | (70,907)        |
| <b>Net cash flows from operating activities</b>  | <b>10,077</b>               | <b>29,170</b>   |
| Net Cash flows from Investing Activities   | (35,274)                    | 20,125          |
| Net Cash flows from Financing Activities   | (10,097)                    | (13,103)        |
| <b>Net (decrease) or increase in cash and cash equivalents</b>   | <b>(35,294)</b>             | <b>36,192</b>   |
| Cash and cash equivalents at the beginning of the reporting period*  | 61,709                      | 26,415          |
| <b>Cash and cash equivalents at the end of the reporting period</b>  | <b>26,415</b>               | <b>62,607</b>   |

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

## 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 and the Meridian Group 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), The Unity Partnership Limited (Unity) and the Meridian Group have been consolidated on a line by line basis with all intra-group transactions and balances removed.

### G2. Bodies Not Consolidated

The following have not been consolidated into Group Accounts.

| Entity   | Reason                               |
|--|--------------------------------------|
| Oldham Economic Development Association Limited (OEDA) | Subsidiary although not material.    |
| Southlink Developments Limited                         | Subsidiary although not material.    |
| FO Development LLP                                     | Joint venture although not material. |
| Oldham Property LLP                                    | Joint venture although not material. |

Further details can be found in Note 12. Related Parties.

### G3. Bodies Consolidated

The Council has consolidated three of its Subsidiaries into its Group Accounts, these are MioCare Group Community Interest Company (MioCare), the Unity Partnership Ltd (Unity) and the Meridian Group (Meridian).

MioCare is a care and support provider and is fully owned by Oldham Council. It delivers services through two subsidiaries: Oldham Care and Support Ltd (OCS) and MioCare Services Ltd. During 2021/22, Unity delivered property, highways, transactional services, information and communication technology, and business services for the Council and other external bodies. Meridian is a company which provides property management and development services.

The draft accounts for the year to 31 March 2022 for MioCare have been summarised below, with comparator figures for the previous reporting period. MioCare has changed its financial year end in this financial year and have produced 2021/22 accounts covering the 15 month period from 1 January 2021 to 31 March 2022. The Comparator figure used is therefore the 2019/20 Accounts to 31 December 2020.

| MioCare Group CIC              | As at 31 December 2020<br>£000 | As at 31 March 2022<br>£000 |
|--------------------------------|--------------------------------|-----------------------------|
| Net Assets                     | (9,404)                        | 2,868                       |
| Surplus/(Deficit) - before tax | 1,048                          | (2,576)                     |
| Surplus/(Deficit) - after tax  | 752                            | (2,576)                     |

During 2021/22 the Unity Partnership Ltd delivered property, highways, transactional services, information and communication technology, and business services. It aimed to support physical

regeneration, create sustainable jobs, introduce effective technology, and provide exemplary services to all clients. In January 2022, the Council agreed to transfer back , the services provided by Unity from the 1 April 2022. Unity will continue as a wholly owned company for a minimum period of 12 months. The results below are from the subsidiary's single entity accounts and does not contain accounting transactions related to the pension liability. The Council has consolidated the liability in its group accounts in order to present users of the accounts with a complete of the group position.

| <b>The Unity Partnership Ltd</b> | <b>As at 31 March<br/>2021<br/>£000</b> | <b>As at 31 March<br/>2022<br/>£000</b> |
|----------------------------------|---|---|
| Net Assets                       | 2,187                                   | 2,443                                   |
| (Deficit)/Surplus - before tax   | (112)                                   | 349                                     |
| (Deficit)/Surplus - after tax    | (91)                                    | 256                                     |

During the 2021/22 financial year there was a management buy-out of the equity shareholders of Meridian, facilitated by a grant from the Council. This left the Council as the only shareholder in the Group and, therefore, the company became wholly controlled by the Council. As a result, the Meridian became a subsidiary rather than an associate. The Meridian Group's principal activity is property management and development and primarily relating to the Meridian Centre on Ashton Road. The members of the Meridian Group are the Meridian Developments Company Ltd and Interurban Ltd. The financial position as at 31 March 2022 is shown in the table below.

| <b>The Meridian Group</b> | <b>As at 31 March<br/>2022<br/>£000</b> |
|---------------------------|---|
| Net Assets                | 4,495                                   |
| Surplus - before tax      | 1,178                                   |
| Surplus - after tax       | 959                                     |

#### G4. Group Defined Benefit Pension Schemes

##### Transactions Relating to Post-employment Benefits

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the General Fund Balance through the Group Movement in Reserves Statement during the year: Further details relating to the Council's pension schemes can be found in Note 29 and Note 30.

|   | 2020/21<br>Restated<br>£000 | 2021/22<br>£000 |
|---|-----------------------------|-----------------|
| <b>Service Cost</b>   |                             |                 |
| Current service cost  | (31,426)                    | (49,450)        |
| Past service cost (including curtailments)  | (477)                       | (913)           |
| <b>Total service cost</b>   | <b>(31,437)</b>             | <b>(50,363)</b> |
| <b>Financing and Investment Income and Expenditure</b>  |                             |                 |
| Interest income on scheme assets  | 22,410                      | 24,002          |
| Interest cost on defined benefit obligation   | (30,447)                    | (33,868)        |
| <b>Total net interest</b>   | <b>(8,037)</b>              | <b>(9,866)</b>  |
| <b>Total Post Employment Benefits Charged to the Deficit on the Provision of Services</b>           | <b>(39,940)</b>             | <b>(60,229)</b> |
| <b>Remeasurements of the Net Defined Liability Comprising:</b>                                      |                             |                 |
| Return on plan assets excluding amounts included in net interest                                    | 187,778                     | 96,110          |
| Change in demographic assumptions   | (9,900)                     | 13,072          |
| Actuarial gains/(losses) arising from changes in financial assumptions                              | (345,438)                   | 120,925         |
| Other   | 18,450                      | (1,882)         |
| <b>Total remeasurements recognised in other comprehensive income</b>                                | <b>(149,110)</b>            | <b>228,225</b>  |
| <b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b> | <b>(188,050)</b>            | <b>167,996</b>  |
| <b>Movement in Reserves Statement</b>   |                             |                 |
| Reversal of net charges made to the deficit on the provision of services                            | 39,940                      | 47,563          |
| <b>Employers' Contributions Payable to the Scheme</b>   | <b>(19,278)</b>             | <b>(21,463)</b> |

##### 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:

|  | 2020/21<br>Restated<br>£000 | 2021/22<br>£000  |
|--|-----------------------------|------------------|
| Fair value of plan assets                                    | 1,224,358                   | 1,315,415        |
| Present value of funded liabilities                          | (1,657,708)                 | (1,579,367)      |
| Present value of unfunded liabilities                        | (39,782)                    | (35,296)         |
| <b>Net Liability Arising From Defined Benefit Obligation</b> | <b>(473,132)</b>            | <b>(299,248)</b> |



## Reconciliation of the Movements in Fair Value of Scheme Assets

|  | 2020/21<br>Restated<br>£000 | 2021/22<br>£000  |
|--|-----------------------------|------------------|
| Opening fair value of scheme assets                              | 988,755                     | 1,224,358        |
| Interest income  | 22,677                      | 24,002           |
| <b>Remeasurement loss</b>  |                             |                  |
| Return on plan assets excluding amounts included in net interest | 191,516                     | 96,110           |
| Contributions from employer                                      | 52,822                      | 5,888            |
| Contributions from employees into the scheme                     | 6,235                       | 6,210            |
| Benefits paid  | (39,509)                    | (41,153)         |
| <b>Closing Fair Value of Scheme Assets</b>                       | <b>1,222,496</b>            | <b>1,315,415</b> |

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

|  | 2020/21<br>Restated<br>£000 | 2021/22<br>£000  |
|--|-----------------------------|------------------|
| Opening fair value of scheme liabilities                       | 1,322,947                   | 1,697,490        |
| Current service cost   | 31,074                      | 49,450           |
| Interest cost  | 30,676                      | 33,868           |
| Contributions from scheme participants                         | 6,235                       | 6,210            |
| <b>Remeasurement gain</b>                                      |                             |                  |
| Actuarial losses arising from changes in financial assumptions | 342,699                     | (120,925)        |
| Change to demographic assumptions                              | 5,049                       | (13,072)         |
| Other  | (12,299)                    | 1,882            |
| Past service cost  | 998                         | 913              |
| Benefits paid  | (39,509)                    | (41,153)         |
| <b>Closing Fair Value of Scheme Liabilities</b>                | <b>1,687,870</b>            | <b>1,614,663</b> |

## Pension Scheme Assets

|                  | 2020/21<br>Restated<br>£000 | 2021/22<br>£000  |
|------------------|-----------------------------|------------------|
| Equities         | 737,933                     | 749,256          |
| Debt Instruments | 221,580                     | 207,728          |
| Property         | 233,660                     | 281,182          |
| Cash             | 33,591                      | 50,518           |
| Derivatives      | (879)                       | (7,953)          |
| <b>Total</b>     | <b>1,225,885</b>            | <b>1,280,730</b> |

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Council and MioCare have engaged Hymans Robertson LLP, an independent firm of actuaries to assess their respective pension schemes, estimates being based on the latest full valuation of the scheme as at 31 March 2022 for MioCare and 31 March 2022 for The Unity Partnership Ltd and Oldham Council. Meridian do not directly employ staff therefore do not have any pension assets or liabilities to include in the Group Accounts.

The significant assumptions used by the actuary have been:

| MioCare Services CIC                           | 2020/21 | 2021/22 |
|--|---------|---------|
| <b>Mortality assumptions:</b>                  |         |         |
| <b>Longevity at 65 for current pensioners:</b> |         |         |
| Men  | 20.5    | 20.3    |
| Women  | 23.1    | 23.2    |
| <b>Longevity at 65 for future pensioners:</b>  |         |         |
| Men  | 22.0    | 21.6    |
| Women  | 25.0    | 25.1    |
| Rate of increase in salaries                   | 3.20%   | 3.90%   |
| Rate of increase in pensions (CPI)             | 2.45%   | 3.15%   |
| Rate for discounting scheme liabilities        | 1.35%   | 2.75%   |

| The Unity Partnership Ltd                      | 2020/21 | 2021/22 |
|--|---------|---------|
| <b>Mortality assumptions:</b>                  |         |         |
| <b>Longevity at 65 for current pensioners:</b> |         |         |
| Men  | 20.5    | 20.3    |
| Women  | 23.3    | 23.0    |
| <b>Longevity at 65 for future pensioners:</b>  |         |         |
| Men  | 21.9    | 21.6    |
| Women  | 25.3    | 25.1    |
| Rate of increase in salaries                   | 3.60%   | 3.95%   |
| Rate of increase in pensions (CPI)             | 2.85%   | 3.20%   |
| Rate for discounting scheme liabilities        | 2.00%   | 2.70%   |

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

| MioCare Group CIC Change in Assumptions at 31 March 2022 | Approximate % Increase to Employee Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.1% decrease in real discount rate                      | 2%   | 1,364                            |
| 0.1% increase in the salary increase rate                | 0%   | 175                              |
| 0.1% increase in the pension increase rate               | 2%   | 1,179                            |

| The Unity Partnership Change in Assumptions at 31 March 2022 | Approximate % Increase to Employee Liability | Approximate Monetary Amount £000 |
|--|--|----------------------------------|
| 0.1% decrease in real discount rate                          | 2%   | 1,800                            |
| 0.1% increase in the salary increase rate                    | 0%   | 221                              |
| 0.1% increase in the pension increase rate                   | 2%   | 1,564                            |

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

#### G5. Fees Payable to the Group External Auditor

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

|  | 2020/21<br>£000 | 2021/22<br>£000 |
|--|-----------------|-----------------|
| Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for Oldham Council             | 125             | 104             |
| Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for The Unity Partnership Ltd. | 25              | 26              |
| Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year for MioCare Services CIC.      | 0               | 35              |
| <b>Total</b>   | <b>158</b>      | <b>129</b>      |

The Council has incurred an additional fee in relation to the external audit of the Statement of Accounts by the Council's External Auditors Mazars LLP for 2020/21. The additional fee of £21,078 agreed takes the total cost for 2020/21 to £125,506 and has been approved by Public Sector Audit Appointments Limited (PSAA).

### Scope of Responsibility

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

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

The Authority has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance (LCCG) which has been refreshed and will be presented to the Audit Committee on 9 June 2022. The current LCCG is publicised on the Council's website and will be updated following the Audit Committee meeting.

The Annual Governance Statement sets out how the Authority has complied with the Code and meets with regulation 4(2) of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 which have amended the Accounts and Audit Regulations (England and Wales) 2015. Due to the COVID-19 pandemic, there was a continued requirement for certain decisions to be taken under emergency protocols up to 19 July 2021. The Authority adopted enhanced management arrangements with a structure based on Gold (strategic), Silver (tactical) and Bronze (operational) groups for this period of 2021/22. The approach to the management of the Authority's response to the pandemic was reported (including the revised priorities for service delivery) and agreed by full Council meetings on 14 July 2021, 3 November 2021, 15 December 2021 and 16 March 2022. The arrangements enabled the Council to make its decisions as promptly and as transparently as possible whilst managing to operate using systems and processes adopted before the pandemic and adjust its priorities in service delivery.

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

The Authority undertook a review throughout the financial year 2021/22 of its compliance with the CIPFA Financial Management Code which outlines the principles of good financial management. This was reported to the Audit Committee on 17 January 2022 .

The review identified that the for the first part of the financial year, the Authority's financial management arrangements were 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 was compliance were that the Chief Financial Officer (Director of Finance):

- is actively involved and is able to bring influence on the Authority's financial strategy;

- is actively involved and is able to bring influence on all material business decisions;
- 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 Financial Officer should report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to others. Until the change in Chief Executive (26 August 2021), the Director of Finance (the Chief Financial Officer and designated Section 151 officer) was not a member of the Councils Executive Management Team (EMT). However, whilst not a standing member, during the pandemic, the Director of Finance attended meetings of the EMT / Joint Leadership Team (which included senior officers of Oldham Clinical Commissioning Group. The Director of Finance but was a member of and attended the meetings of the Senior Management Team which integrated EMT and all Directors via a single management meeting. All Statutory Officers had access to the Chief Executive.

Although not delivering full compliance, the Council considered that its management arrangements were appropriate in the context of the CIPFA Statement and requirements of the CIPFA Financial Management Code.

From 26 August 2021 the management arrangements of the Council changed, and the line management of the Director of Finance was revised with a direct reporting line to the Chief Executive with membership of the Management Board which assumed the role of the Executive Leadership Team. This was therefore consistent with the principles of the Financial Management Standard and improved compliance with the Financial Management Code.

The issues identified as significant governance issues and the progress made by management throughout the financial year 2021/22 to address these issues, have been reported regularly to the Audit Committee together with an assessment made in reducing the risk as part of its Governance role within the Council.

---

## The Purpose of the Governance Framework

---

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

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

The financial year 2021/22 required the continuation of changes implemented during the financial year 2020/21 to the standard decision-making processes adopted by the Authority. This was to enable it to take decisions under the command structure put into place to respond to the pandemic

and support partners to be continued (until 19 July 2021, when all COVID-19 restrictions were lifted). This approach was ratified by full Council and key groups of officers and Members provided independent scrutiny in key areas such as grant administration and one-off support to suppliers. Following the easing of restrictions related to the pandemic which ended on 19 July 2021, the Council decision-making process has then operated in compliance with its agreed Constitution.

The governance framework which has been in place at the Authority for the year ended 31 March 2022 has seen regular reports submitted to the Audit Committee on the progress made on issues identified in the previous Annual Governance Statement and identified any issues for consideration in this Statement. This has included issues arising from the response to the pandemic which have highlighted where future practice could be improved.

---

## The Governance Framework

---

The Authority is a Metropolitan District which was set up in 1974 combining 7 Urban Districts, which provided services to the local population. Its strategic vision and Co-operative objectives including self-sustainability are set out in the Council 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 Authority Vision is set out in both the Oldham Plan and the Corporate Plan supplemented by the development of the COVID-19 Recovery Strategy which deferred the updating/refreshing of these Plans until it was clear the pandemic had ended. These plans are aligned to establish a clear link between; Local, Central Government and Greater Manchester regional priorities, including the devolution of health services. It establishes the Council's priorities developed in partnership with key stakeholders and the local community around the delivery of the core business of the Council.

The Council initially endorsed the vision in July 2017. It is a collective action statement covering the period 2017/2022 setting out the areas that would add the most value as a partnership to achieve the ambition that Oldham is a productive and co-operative place with healthy, aspirational and sustainable communities.

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

### **Inclusive Economy**

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

### **Thriving Communities**

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

### **Co-operative Services**

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

Clearly, the delivery of the vision as initially planned has been interrupted by COVID-19, although the response to the pandemic has been framed around the guiding principles. Updates on the action taken to support the response to the pandemic, following the established principles have been reported to regular business meetings of the Council.

---

## Co-operative Council in a Co-operative Borough

---

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

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

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

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

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

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

Like many other Local Authorities, Oldham Council has had to make significant budget reductions since the start of the Government's austerity programme. Although the pandemic has had a huge impact on the finances of the Council since the start of 2021/22, it is important to note that arising from Government announcements and the Emergency Budget, introduced after the May 2010 General Election, the Council has been required to balance its budget by making a significant level of budget reductions, which up to and including the recurrent budget reductions of £8.793m approved at the 2021/22 Budget Council, cumulatively total £198m.

Further recurrent budget reductions of £6.268m were agreed at the 2022/23 Budget Council meeting for implementation in 2022/23 plus there was confirmation of £5.467m of budget reductions with a 2022/23 impact that were initially presented for consideration at the 2021/22 Budget Council. In total, the savings total for 2022/23 was a total of £11.735m. The Medium Term Financial Strategy (MTFS) approved at the March 2022 Budget Council also highlighted approved budget reductions of £8.570m that will have an impact over the period 2023/24 to 2025/26. Even after allowing for these forward commitments, there remains a significant savings target over the period covered by the current MTFS (2023/24 to 2026/27)

It was clear that the Council could not continue to deliver services in the same way it has always delivered them and a response to the financial challenge is required. The response followed the ethos of the Co-operative Council, because it is believed that:

1. a co-operative approach offers the best opportunity to do things radically differently;
2. it offers a sustainable solution to the unprecedented challenges we face; and
3. it offers the best opportunity to make the most of the assets/strengths that lie in its communities.

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

The ways in which the Council is doing this include:

- Implementing and embedding the Council Ethical Framework and its Social Value Procurement Framework.
- Monitoring the impact of the Social Value Portal to implement the Themes, Outcomes and Measures framework on the Creating a Better Place Programme.
- Paying the Living Wage Foundation National Living Wage to ensure that all staff are paid appropriately and introducing this for paid carers from 1 October 2022.
- Giving employees up to three days paid time away from their duties to volunteer locally.

---

## COVID-19 Pandemic

---

Throughout the financial year 2021/22, the public health challenge due to the COVID-19 pandemic continued within the United Kingdom. Due to its role both as a provider of key public services and as a partner to the NHS, Oldham Council continued where appropriate to operate its service continuity measures to ensure the continued provision of its essential, albeit at a lesser intensity than the previous financial year. This included the enactment of emergency decision-making powers which were appropriate continued until 19 July 2021 as it became clear the pandemic remained a serious public health issue that required longer term management over a two year period.

In order to support the wider Government response to the pandemic the Council both directly and acting as an Agent for Government departments, delivered services in response to the pandemic and provided Financial Support to third parties including businesses within the area. This support has been significant with the Council managing over £26m in COVID-19 related Business Rates Relief plus other specific COVID-19 grants and where appropriate this has required the reallocation of staffing resources from business as usual to ensure the administration process used was sound and effectively undertaken.

The impact of the pandemic on the Council still has the potential to be long-term, particularly from a financial perspective, through increasing demand for Statutory Services. Provision has been made in the Medium Term Financial Strategy to reflect this. The impact upon the long-term financial position is very difficult to accurately assess with key elements of the Statutory Accounts such as the Collection Fund (which manages Council Tax and Business Rate collection) not recovering financially as quickly as originally envisaged. The Government is allowing Councils to manage Collection Fund losses over a three-year period (2021/22 to 2023/24) to phase the impact of income lost during 2020/21 and allow time for collection to recover. This is reflected in the long-term financial planning of the Council. If this recovery does not happen, then there is a risk of the legacy of COVID-19 having a more longer lasting financial impact on the Council.

---

## Key elements of the Governance Framework

---

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

---

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

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



conflicts of interest. Both Members and Officers record any gifts and hospitality received in accordance with the Authority's agreed procedure. To enable third party challenges to Authority operations there is a publicised complaints procedure. There is also a Whistleblowing Policy, last updated and approved by full Council in July 2020. This 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 should this be required. The Scrutiny process was subject to a detailed review during 2020/21 and a revised approach was implemented following the Annual Council Meeting in May 2021. When required, issues of governance/ scrutiny which highlight where improvements could be made in processes arising from lessons learned from other local authorities (based on information reported in the public domain), are reported to appropriate Committees to enable them to better discharge their roles. This included the continual review of partnership governance within the Council which was reported to the both the Audit Committee (on two occasions) and also to the Performance Overview and Scrutiny Committee in March 2022.

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

The Council is managed by a Cabinet system as set out in the agreed Council Constitution. This sets out the scheme of delegation between elected Members and Officers. In the financial year 2021/22 in accordance with government guidelines, all formally constituted meetings (Executive and Regulatory) were held in person.

In order to encourage the community to engage in more co-operative activities, Members in their role as Community Champions often, either individually or in partnership with the District Elected Lead Member, network with key community groups and individuals to deliver local priorities. In order to demonstrate their achievements, each Councillor is encouraged to produce an annual report which is then published on the Council's website and included in a report to full Council.

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

Staff have been assisted in this aspect by the introduction of Let's Talk which replaced the Corporate Personal Performance Framework in the later part of 2021. Let's Talk is based on open two-way conversations which focus wellbeing, performance, and development. The employer supported volunteering (ESV) programme helps Council employees to volunteer with organisations in Oldham. From using existing skills to taking on a new challenge, the scheme gives staff the time and support to volunteer to do their bit. The pandemic required the Council to work extensively with its partners with some Council staff, in the first half of the financial year, continuing to be redeployed to support partner service provision.

The agreed Procurement Policy focuses on procurement activity, which has the aim of ensuring the optimum balance between cost, quality and local service value, whilst also ensuring that any

significant commercial risks are identified and mitigated at the commissioning stage. During the pandemic the Council, in providing support to suppliers followed Government advice to preserve the supply chain where appropriate, to guarantee future service delivery.

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

Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is essential in ensuring the Authority maintains its leading position as a Cooperative Council and will be vital in making a reality of both service changes and more self-sufficiency from citizens.

The Corporate Peer Review findings formally received in March 2020, indicated this relationship works well in taking forward improvements within the Borough. Whilst the Authority hoped to take forward the recommendations over the past two financial years, it has not been possible to make the significant progress that was originally planned due to the pandemic. Now that the Council is returning to working practices developed pre pandemic, it will be possible to introduce any remaining changes/improvements.

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 approved a strategy to work towards becoming a single-use plastic free borough promoting the use of non-plastic recyclable alternatives. This was supplemented in 2020/21 by the Council, at its meeting on 9 September 2020, supporting the United Nations Sustainable Development Goals.

The Authority has also demonstrated its support of sustainability by appropriate self-financing of capital investment in renewable energy. In previous financial years it has supported the creation of an independent Community Interest Company which is now operating in a sustained and independent manner (with the potential to expand), administered the warm homes project to alleviate fuel poverty and provided oversight to the Greater Manchester Green Grants Scheme including overseeing energy improvements on Social Housing within Oldham. In 2018/19 approval was given to develop a new eco-centre at Alexandra Park with construction beginning in 2021/22 immediately following the completion of a Gateway Review. This is further supported by a project financed from the Government's Decarbonisation Fund to install an eco-friendly/carbon efficient heating system including heat source pumps. A further project to instal LED Lighting at the Oldham Leisure Centre was also financed from the Decarbonisation Fund in the financial year 2021/22.

At its meeting on 11 September 2019, the Council agreed to declare a Carbon Emergency and set itself the challenging target of being Carbon Neutral by 2025 with an aspiration of Carbon Neutrality for the Borough by 2030. In addition, the Council supported specific green projects with continued work to develop the concept of Northern Roots which is a future eco-friendly sustainable development of an Urban Space consistent with the green aspirations of the Council. This project was on-going throughout 2021/22 with the Council creating a charitable company to further develop the concept and utilise Towns Fund and Sports England grant from Government to support future development works.

The feasibility of a Solar Farm at the Wrigley Head site was also further developed with planning permission secured to reflect the potential for taking forward this scheme should future affordability be demonstrated, with energy prices increases and the Council's desire to facilitate the construction. Rising energy prices suggest this project may soon move to the construction phase.

The Green Agenda is a key element of the Creating a Better Place Initiative. To this end, funding was also secured during 2021/22 to undertake a feasibility study in 2022/23 into whether a District Heating Network using underwater mine heating sources could be developed for the Town Centre and associated residences.

The Chief Executive of Oldham Council is the Head of Paid Service. For the first part of the 2021/22 financial year, the Chief Executive was supported by the Executive Management Team (EMT) and Senior Management Team (SMT) and continued to undertake the role of Accountable Officer for the Oldham Clinical Commissioning Group, integrating both organisations through a Joint Leadership Team management structure. When the Council recruited a new Chief Executive, the joint appointment ceased with the role of Accountable Officer for Oldham CCG being performed by an officer of the NHS. The two organisations have however, continued to work collaboratively. Given the significant change in NHS operating arrangements at place level that will be implemented from July 2022, with the implementation of Integrated Commissioning Systems, the close working relationship between the Council and NHS will be redefined. The Executive Management structure will continue to be subject to regular review as the integration with the NHS develops in Oldham.

Cabinet portfolios are assigned on a functional basis rather than by Directorate and subject to appropriate officer support. Shadow Cabinet Members from both of the main Opposition Parties also met with support officers on a regular basis throughout 2021/22 to ensure appropriate political scrutiny. As part of the budget process, Opposition parties have the facility to prepare alternative proposals. During the latter part of 2020/21, the Liberal Democrat Opposition Party prepared an alternative budget for 2021/22. This was subject to scrutiny before consideration by full Council. During the latter part of 2021/22 both the Liberal Democrats and Conservative Opposition Parties presented alternative budgets for 2022/23 which were subject to scrutiny and Council consideration.

The Director of Finance is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit Services are provided in-house, supported by a partnership with Salford Council for Computer Audit. The Internal Audit team achieved compliance with Public Sector Internal Audit Standards as evidenced by the Independent External Review of the service, undertaken in 2017/18. The Head of Internal Audit (The Assistant Director of Corporate Governance and Strategic Financial Management at Oldham Council during 2021/22) has direct access to all members of EMT, SMT and subsequently the Management Board as well as all Members and has utilised this discretion when appropriate. CIPFA's guidance on the Role of the Head of Internal Audit was issued in early April 2019 and a compliance review identifying the Council followed best practice was reported to the Audit Committee on 25 June 2019.

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures, which are incorporated within the Council's Constitution, and comply with Good Practice. A substantial update of The Finance Procedure Rules was agreed by full Council at its meeting on 8 January 2020. Control is based on regular management information, management supervision, and a structure of delegation and accountability. If there are fundamental failures in internal control these are subject to investigation. A further revision of the Contract Procedure Rules (CPR) was undertaken during 2021/22 and these revisions are awaiting ratification at full Council during the Municipal Year 2022/23.

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

In order to have appropriate scrutiny of the Authority the Audit Committee has the capacity to appoint three Independent Members. The Council has struggled to recruit to these roles. The recruitment of an Independent Chair was not successful despite three separate adverts. A further exercise was deferred in both 2020/21 and 2021/22 due to the pandemic. This recruitment will now be undertaken in 2022/23.

The Audit Committee members receive appropriate briefings supported by training from key officers and third parties to enhance the Governance Framework. In the financial year 2021/22 there were some changes to the membership of the Audit Committee and specific training was provided in two tailored sessions delivered by the Chartered Institute of Public Finance.

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. There were a number of matters referred to the Standards Committee throughout 2021/22.

---

## **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.

The regular reports to full Council on the response to COVID-19 reset the immediate Council Objectives for service delivery reiterating the Council's Co-operative vision.

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. Council meetings are streamed live giving every citizen of the borough the chance to review and challenge these priorities.

In addition to the above, the Council is a constituent District of the Greater Manchester Combined Authority (GMCA) which exercises a number of new powers devolved from Central Government. The GMCA meetings are also held in the public domain and streamed live. The Leader of the Council is a constituent member of the GMCA. During 2021/22, the Leader of the Council was the GMCA lead for Community, Cooperatives and Inclusion across the region.

Progress on delivering the Corporate Plan is communicated through a performance management framework. The Performance Overview Scrutiny Committee received quarterly reports on both performance against the Corporate Plan/ Objectives and budget monitoring. These quarterly reports focus by exception and set out corrective measures where key performance indicators or the agreed budget reductions have not been met or where there is overspending against budget.

The Policy Overview and Scrutiny Committee receives reports on specific matters and policy initiatives to be considered by Cabinet at future meetings, the Health Scrutiny Committee reviews initiatives involving Health and Adult Social Care whilst overall scrutiny around governance matters is provided by both the Audit & Standards Committees.

During the financial year 2021/22 the Council strengthened its Scrutiny arrangements by reviewing the Terms of Reference for its scrutiny Committees and revising the operational arrangements as recommended by the Peer Review Process. One major change was to introduce a requirement for scrutiny of the overall budget to be undertaken by the Policy Overview

and Scrutiny Committee whilst budget monitoring was undertaken by the Performance Overview and Scrutiny Committee.

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

- Pay Policy Statement to support the Annual Budget;
- Constitution;
- Council, Cabinet and Committee Reports;
- Scheme of delegation reports;
- Information on payments over £500; and
- Health and Safety Action Plan.

The Council operates a system of a District Lead Elected Member supported by a system whereby individual ward members have a specific budget (£0.005m in 2021/22) to spend on local priorities. Working through their local contacts, these local representatives utilising their budgets were able to support a number of community groups during the financial year.

All reports taken as “closed reports” benefit from Monitoring/ Deputy Monitoring Officer and Director of Finance sign off and appropriate advice before the matter receives due consideration including training where appropriate.

Those Members of the Authority undertaking the role as a District Lead Member receive regular training to support them discharge the role and bring challenge to Officers. This training programme is overseen by the Organisational Development Team.

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

In order to ensure its message is effectively communicated to its citizens the Council's Communications function proactively prepares appropriate press releases to support the Co-operative vision of the Council. A user friendly and well-designed Oldham Council website ensures all citizens are aware of the co-operative vision, strategies, policies and initiatives available. This website was redesigned in the 2019/20 financial year is subject to consistent review and ensures the communication medium with the Council and its residents remains up to date. This was an important means of communication with citizens and source of information as the Council emerged from the pandemic during 2021/22.

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 2021/22 with a small underspend of £2.749m. Whilst the continuation of the pandemic in 2021/22 resulted in further additional expenditure, additional funding was provided to offset some of this cost. For example, the Council received £7.737m of unringfenced COVID-19 funding for 2021/22 with an additional £0.351m compensation for the loss of Sales, Fees and Charges income for quarter one. There were also additional COVID-19 specific ringfenced grants received in year for the Council and Schools which totalled £19.199m.

Further financial support for Adult Social Care was received from the NHS via Oldham CCG to support hospital discharges but also more specific adult social care functions. However, the Hospital Discharge Programme Funding ceased on 31 March 2022. This was facilitated via the Section 75 pooled budget agreement.

As 2021/22 began, the Council continued to administer the payment of Business Grants on behalf of Central Government. In addition to finalising payments for 2020/22 grant, new funding allocations were received. In total during the 2021/22 financial year, an additional £13.461m was received covering Restart Grants (£10.543m, a further round of Additional Restrictions Grant (£1.214m) and Omicron Hospitality and Leisure and / Omicron Additional Restrictions Grant (a total of £1.704m). By the end of March the Business Grant process had closed, all eligible businesses had been paid and the closure of accounts process ensured a subsequent reconciliation of grants received from the Government.

Consideration and approval by the Authority of its budget for 2022/23 took place at its 2 March 2022 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 general services.

The budget was set having regard to the anticipated financial legacy of COVID-19 and the impact on future financial resilience together having regard to the removal of Central Government support. The Council prepared its budget with £12m of resources specifically to address COVID-19 legacy in 2022/23. The Council has allocated resources over the period 2023/24 to 2025/26 reducing year on year in recognition that the financial legacy of COVID-19 will continue to impact on the longer-term resilience of the Council. Clearly, the position will be reviewed on an annual basis as the long-term residual impact of the pandemic is established.

The Council's Four-Year Efficiency Plan was initially prepared to give certainty over the level of Central Government funding from 2016/17 to 2019/20, and effectively planned for year on year reductions to budgets. This was initially agreed by Cabinet on 5 September 2016 and the period the plan covered is now complete. This underpinned the Medium-Term Financial Strategy (MTFS) of the Council at the time supported the budget process until the end of the Financial Year 2019/20. It supported the financial resilience of the Authority enabling it to withstand unforeseen events and pressures by maintaining an appropriate level of reserves and balances to support on-going resilience and future development of efficiencies. Since then, the Government has provided only three single year financial settlements although the 2022/23 financial settlement was supported by an indicative three year spending review from Government (SR 21 which was issued in October 2021) which enabled the preparation of the MTFS including a range of key assumptions about future Government grant support. Whilst there is a national commitment to Levelling Up, the present MTFS takes a prudent approach with no expectation of a significant increase in resources. It is expected that the Levelling Up agenda will take time to implement and therefore will not substantially benefit the Council over the MTFS period.

The reserves are managed by reference to the approved Reserves Policy which is regularly reviewed by the Audit Committee. The level of balances is informed by the budget process.

The availability of reserves during the 2022/23 budget process facilitated planned one-off financial support (over 3 financial years) to enable the efficient transformation of both the Council and the Locality with a plan of change and improved efficiency implemented in a managed manner. It supports the continued increase in the pooling of resources with health service partners to deliver future efficiencies and greater effectiveness in the use of resources.

With the pandemic occurring over two financial years, it impacted in the short-term on the plans for transformation for both 2020/21 and 2021/22. It is the principle of one-off reserve which supports short-term to medium term financial resilience so the Council can continue service provision and the response required from the COVID-19 pandemic and allow further time for the transformational activity to be embedded.

The overall financial strategy following the COVID-19 pandemic enabled Council Tax rises to be set at a level, which balanced the needs of the Council in relation to on-going financial resilience

with affordability to residents. It has also enabled the Council to manage successfully, continued pressures of demand around Adults and Children's Social Care within its overall 2021/22 budget.

The 2022/23 budget was set before the inflationary pressures which the country is facing were fully apparent (in part exacerbated by the conflict in Ukraine). The specific challenge to the Council of price rises for goods and services, energy and potentially pay awards have been addressed in the budget, however there will be a need to monitor the position closely to ensure that the budgetary provision is sufficient. The Council has set aside specific reserves at the end of 2021/22 to address any inflationary pressures that arise. The impact of the cost of living pressures on Oldham citizens and hence potential increased demand for support from the Council will also be closely monitored.

Appropriate consultation was considered in the production and design of the detailed Authority Strategies which aim to deliver appropriate co-operative solutions to benefit both present and future generations. The Get Oldham Working Initiative embedded in the Council has helped to create year on year work-related opportunities for our citizens. This led to the development of the Oldham Work and Skills Strategy which has 4 strategic goals to support the Council's co-operative vision. Already it is clear that this type support will have to continue to adapt due to a significant number of Oldham residents losing their jobs as a result of the pandemic.

---

### **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 2021/22 budget delivered within the agreed resource allocation, supported this vision.

The 2021/22 budget was set during the pandemic during the period that the vaccination programme was being rolled out. The resources available to the Council reflected the changing operating environment linked into various phases of the pandemic and the uncertainty as to how long the pandemic would last. Nonetheless, the business as usual objectives remained, and resources were deployed to continue to improve performance and reflect the agreed vision of a Co-operative Council in a Co-operative Borough. These principles and aspirations of the Council have not changed but the implementation of the vision will require review as the full impact (the legacy of COVID-19) to both service provision and on financial resilience of emerges.

Risk management is integral to the governance arrangements in the Authority and the key risks are considered by the Audit Committee during 2021/22 considered firstly by EMT and then in the latter part of the year, by the Management Board. During the financial year 2019/20 an opportunity was taken to update and refresh the Risk Management Framework. This revised approach was becoming embedded in the Council pre pandemic and was incorporated into the production of Service Plans for 2021/22 with the Corporate Risk Register reported to the Audit Committee at its September meeting. There was a refresh of the Risk Management Framework on 29 July 2021 which updated the approach to support the production of service business plans.

Regular updates on Corporate Governance are reported to the Audit Committee. In advance of each meeting of the Audit Committee there is the opportunity for the External Auditor to hold an informal meeting with the Head of Paid Service and the 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 the Management Board.

The Authority's risk management framework consists of:

- a risk management policy statement;
- an Authority Risk Register and specific Risk Registers on key initiatives;
- ensuring that risk management is integral to the planning process and linked to key Authority and Contract objectives within business plans;
- regular updates of the Annual Governance Statement produced for the Audit Committee;
- allocated responsibilities;
- systems for mitigating and controlling risks; and
- systems for monitoring and reviewing risks and controls assurance

Controls Assurance is an important part of the process to assure the Authority that the identified risks are being properly managed. This is carried out during the financial year by:

- the Audit Committee;
- the Standards Committee;
- Chief Executive;
- Deputy Chief Executive, Assistant Chief Executive, the Executive Director, Managing Directors and Directors;
- Directors of Finance and Legal Services;
- Statutory Officers for Children's Services, Education, Adults Social Services and Public Health Services;
- Internal/External Audit.; and
- Appropriate Scrutiny arrangements which hold the Cabinet to account.

In 2021/22 the reports produced by the Authority to support key decisions included appropriate risk comments.

The Constitution defines and documents the roles and responsibilities of Officers and Members with clear delegation arrangements, protocols for decision making and Codes of Conduct for Members and staff. It is supported by an extended Members' training package which has received positive feedback from Members.

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

All changes to Service are supported by an Equality Impact Assessment. This results in alternative access arrangements being made where necessary, with information provided in multiple formats including on the website. This reflects the diverse nature of the wards that make-up the Authority. This is demonstrated in the Council budget meeting with high risk budget proposals being supported by an Equality Impact Assessment. It is also demonstrated in standard reports produced to support key decisions.

---

## **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome**

The management structure continued to be realigned during 2021/22 to take account of both the Co-operative Vision, continual challenging financial targets of the Authority, the continuing integration of health and social care services, the appointment of a new Chief Executive and



realignment of the Council relationship to the Oldham CCG Accountable Officer the requirement to respond to the specific service challenges as both organisations emerged from the pandemic. This meant a shift in certain areas of management responsibility during the year.

The decision making process has now reverted back to those in place prior to the pandemic which were 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 during the first part of 2021/22 was overseen by EMT supported by the Senior Management Team and the Joint Leadership Team (which had senior Council and NHS officer membership). Arising from the change to the officer leadership from August 2021, this was overseen by the Management Board.

In order to achieve the long-term financial targets, the Authority at its 2 March 2022 meeting set a budget for the financial year 2022/23 supported by an appropriate assessment of risk by the Director of Finance. All the expected risks post the pandemic as at 2 March 2022 were considered in the budget report. The future savings required by the Council with the planned achievement from future transformational activity were also presented. At this meeting the assessment of risk reflected the situation before the full impact of the current conflict in Ukraine became apparent and as such the consequent impact on energy, fuel and food inflation as well as construction costs. Since the Council budget meeting, inflation has continued to increase. The financial position will be closely monitored, and any on-going impact will be included within the review of the MTFS forecast.

Financial resilience was supported by an agreed Reserves Policy which is subject to regular review underpinning the long-term financial resilience of the Council and supporting the vision of a Co-operative Council in a Co-operative Borough.

At the expiry of the 2016/27 to 2019/20 Government approved efficiency plan which provided some certainty about Government funding intensions, the financial years 2020/21 and 2021/22 were both single year financial settlements. The Spending Review of October 2021 provided indicative high level funding allocations for three financial years 2022/23 to 2024/25, the Local Government Finance Settlement when issued, provided funding certainty for only one year. Without the detail for years two and three and with the potential for some significant changes to the Local Government Finance system and funding allocations, as well as the agreed reform of Adult Social Care, the preparation of the MTFS was challenging. The financial projections that have been prepared and agreed by Members may require considerable revision when the Government provides the detailed information. However, given external factors such as the Ukraine conflict, the focus on the cost of living increases and discussions with the EU about the Northern Ireland protocol, it is becoming increasingly unlikely that the Government will make Parliamentary time available for Local Government funding reform.

The reserves and balances available to the Council supporting its immediate financial resilience are therefore important in the context of managing a period of potential significant financial turbulence.

Building on the Income Strategy, Corporate Property Investment Strategy and Corporate Property Strategy which were approved prior to 31 March 2019, the Income Strategy and the Commercial Property Investment Strategy were refreshed on 16 December 2019. These are key to ensure that the Council makes the most efficient and effective use of resources and its property assets and can also deliver approved budget reductions. The Council complies with the recent reforms introduced to Treasury Management and Capital Expenditure practices and minimise the loss to Council Taxpayers from investments designed to deliver a purely commercial return.

A Transformation Programme was already in progress pre pandemic under the joint working arrangements with the CCG, which sought to generate more effective service delivery and future efficiencies. The future work programme has been influenced by the impact of the pandemic during both 2020/21 and 2021/22 and will be influenced by the forthcoming national changes to the delivery of NHS functions and the planned reforms to Adult Social Care.

All meetings of the Cabinet and key Committees are publicised and are open to public scrutiny. During 2021/22, there was a reversion to in-person meetings rather than the virtual arrangements which were in place for a large proportion of 2020/21 when meetings were held virtually. All decisions are formally recorded. In addition, decisions taken under delegated powers are also recorded electronically and are reported via the Council's Electronic Decision Recording System. Several urgent decisions for the financial year 2021/22 were required under emergency procedures due to the nature of the pandemic.

The Audit Committee is an essential part of good governance. It reviewed the control environment for all the Council during 2021/22 and considered the progress made on issues highlighted in the Annual Governance Statement, including specific reports on certain issues such as the improvements to the internal control of the payroll system.

Internal and External Audit both have direct access to and support the Committee including the ability of the External Auditor to have direct contact, without Officers of the Authority being present. To support the Committee, specific training was provided in the financial year 2021/22 and as the Committee membership changed at the start of the municipal year, it was therefore important to ensure that new Members were appropriately skilled to carry out their functions. All meetings in 2021/22 were held in person.

The detailed matters reviewed by the Audit Committee during 2021/22 were:

- Treasury Management matters including Council borrowing including investment and loans;
- earmarked Reserves;
- future Internal and External Audit Work;
- the findings of both External and Internal Audit on control matters, including payroll;
- key developments impacting on financial resilience of other local authorities due to poor governance such as partnership governance;
- the 2020/21 Statement and Accounts and associated external audit findings;
- issues linked into data protection and cyber security;
- The Local Code of Corporate Governance; and
- the Internal Audit Charter
- the Council's compliance with the Financial Management Code

The Council, in order to discharge its statutory functions in relation to overseeing all health matters in the Borough, operates a dedicated Scrutiny Committee which met throughout the year. Partnership working in the Borough with the Council, Health Services and key partners is supported by the Health and Wellbeing Board which met on a number of occasions during 2021/22. This Committee has an objective to improve the public health in the area and to oversee integration of health and local authority service provision under the Locality Plan which is produced under the Greater Manchester devolution remit. To improve Scrutiny a specific Committee to review health matters was created during 2019/20. Its role on Health Scrutiny was unchanged after the wider Scrutiny review was implemented in 2021/22.

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

operated as expected throughout 2021/22 with a number of complaints received and outcomes determined where appropriate.

All Directors prepare Divisional Plans that contain key actions and performance targets necessary to deliver the co-operative objectives of the Council. These targets are reported through the Councils performance framework.

Independent service reviews are carried out under the performance management frameworks which results in formal quarterly reports to both the Cabinet and the Performance and Overview Scrutiny Committee. Where performance is perceived to be below corporate standards, specific reports are presented to the Scrutiny Committee or in the case of Educational attainment at schools, a special session is arranged to discuss issues including conversion to an Academy status. In addition, in 2021/22 the Performance Overview and Scrutiny Committee reviewed the impact of budget monitoring reports quarterly given the pressure on both income, expenditure and the impact of receipt of government financial support which was notified at different points in the financial year.

Educational attainment in the Borough is acknowledged as a particular priority and the Oldham Opportunity Area has been set up with a vision to create a “Self-improving education system where schools, colleges and all interested parties work together in a new collaborative partnership”. The aim is to improve results in this area for the longer term, so children and young people will be School Ready, Work Ready and Life Ready.

Additional resources were agreed within the 2021/22 budget as funded growth to implement associated improvements identified by the detailed 2020/21 Ofsted and Care Quality Commission Inspection of Special Education Needs and Disabilities service provision. The Council was then subjected to further targeted OFSTED inspection during 2021/22 on its child protection arrangements. This found the service had improved from the previous inspection despite the extra pressure the increased demand generated for working practices. In addition, the Adult Education Service was subjected to a detailed OFSTED Inspection. These findings are influencing current and future service delivery.

Scrutiny of budget matters including those of the administration and the two main opposition parties were, for the first time as per the reforms to the Scrutiny process, during 2021/22, carried out by the Policy Overview and Scrutiny Committee. This ensures openness and transparency in the way in which Officers/Members engage and had ownership in the budget challenge process. The previous version of the MTFs approved for 2021/221 to 2022/24 reflected the estimated resources available to the Authority in the context of the projected level of Government grants supported by locally generated income (primarily Council Tax and Business Rates). The ability to collect these local funding streams was impacted by the pandemic (and the introduction of Business Rate Reliefs), thus making future budget setting including the production of updated MTFs more challenging.

An initiative which has helped support the Councils long-term financial sustainability, is the Greater Manchester Business Rates Retention pilot scheme. In preparation for the reform of Business Rates and in support of the Greater Manchester devolution agenda, the Government piloted 100% Business Rates Retention in Greater Manchester (GM) which has enabled the ten Greater Manchester Authorities to test and shape the potential new financing regime whilst at the same time benefitting from funding gains offered to pilot Authorities. The introduction of a new national Business Rates regime has been expected for several financial years and has been continually deferred. It is now becoming clearer that the fundamental reform of Business Rates will not be implemented in the immediate future, other than a Business Rates reset which will be introduced in 2023/24.

The Contract Procedure Rules (CPR) within the Constitution alongside the Co-operative Values and Behaviours set out in the Corporate Plan, clearly establish the Authority’s requirements on

social value. These have been subject to revision in 2021/22 with Council agreeing the revisions on 19 May 2021. A further update of CPR's is in progress and it is planned to present these to Council for approval in 2022/23.

---

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

To support the achievement of its strategic priorities, the Authority reviews the organisational framework annually to ensure it has the right people with the right skills. The Authority has an agreed Workforce Strategy, working in partnership with NHS partners. Recognising that staff are its greatest asset the Council refreshed this Strategy in 2020. This is supported within a performance framework covering all officers including an appraisal system recently refreshed to the "Let's Talk" programme with targeted, relevant training.

The Human Resources Policy and Procedures applicable to the appointments process is transparent, and available to staff via the Council's intranet site.

There are targeted programmes often utilising E-Learning with the Organisational Development team supporting these policies ensuring appropriate consideration is given to the future capacity of the organisation. These training courses are aligned to the co-operative ambition and underpinned by the Council's co-operative values and behaviours. There are regular team meetings, and one to ones (1:1s).

The Authority implements the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Living Wage Foundation National Living Wage (LWFNLW) for its entire staff and is seeking to also achieve that through its contractual arrangements (the 2022/23 budget confirmed the commitment to provide resources to enable Adult Social Care providers to pay the LWFNLW from 1 October 2022 using an increase in the Adult Social Care Precept).

A full training programme for both established and recently elected Members (the Local Leaders' Programme) continued to be delivered in 2021/22 to support the vision of a Co-operative Council. The content of the programme changes annually but the emphasis remains on all Members demonstrating community leadership. The planned programme is supported by ad hoc training for Members who have specific Committee responsibilities. Individual Members produce information published on the website which outlines their role in the Authority and achievements.

To ensure an independent review of its systems, the Council operates an Internal Audit Service which complies with best practice as set out by Public Sector Internal Audit Standards. The findings of Internal Audit are reported to the Audit Committee which includes an annual opinion on the internal control environment. The overall opinion, based on the work undertaken for 2021/22 is adequate, indicating the continuation of a well-managed Council.

Delegated decisions are recorded and are publicly available on the internet. Certain key partners who provide essential Council Services are subject to independent oversight by the Performance Overview and Scrutiny Committee.

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

The Constitution is reviewed on an annual basis and key updates were undertaken in 2021/21.

Arrangements and processes are in place to safeguard Members and employees against conflicts of interest. An annual reminder to complete declarations of interest is sent to all Members and followed up as needed. A gift/hospitality register, and complaints procedures are also in place and are actively used. Appropriate matters identified are investigated with regard to due Council Process.

---

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

The Council's Risk Management Framework which was refreshed during 2019/20 and updated in 2021 has been set out under Principle C. This ensures there is continuous monitoring and reporting of risk.

Each year in the electoral cycle, new Members of the Council are inducted prior to the Authority's Annual General Meeting (AGM). This is of vital importance, given the technical complexity of the Council's core operations, the decision-making structure and the financial value of the transactions controlled by the Authority. There were elections in 2021/22 which resulted in the new members requiring specific training.

All Statutory Officers are appropriately skilled and experienced, undertake training and support to carry out their duties effectively and, as appropriate, participate in continuous professional development.

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

In addition to the quarterly performance reports, Cabinet receives financial monitoring reports. During 2020/21, the frequency of reporting was increased reflecting the unprecedented operating arrangements and uncertain financial position. During 2021/22 reporting reverted back to more traditional timelines with reports presented to Cabinet and for scrutiny presenting the financial position at the end of months 3, 6, 8 and 9. The reports present the estimated outturn against the approved budget. The 2021/22 month 9 budget monitoring report highlighted that the Council outturn was expected to reflect an underspend of £2.672m compared to the agreed budget. The final outturn marginally increased the surplus compared to the projection although the outturn on Adult Social Care was lower than projected due to the increased financial support from Oldham CCG and the use of Government specific grants to support the additional costs of COVID-19.

During 2021/22, management of the use of reserves was in accordance with the agreed Reserves Policy and careful financial stewardship has ensured that in year an overall underspend against the budget was achieved which will be used to increase balances and support the short to medium-term financial resilience of the Council. Overall, there has been a decrease in earmarked reserves (largely the result of the impact of a technical adjustment arising from the payment of grant to support Business Rate Reliefs and the use of COVID-19 grants carried forward into 2021/22). The level of reserves remains appropriate to support the present budget strategy as set out at the meeting on 2 March 2022.

The annual budget is supported by the Director of Finance commenting upon its deliverability and the availability of an appropriate reserves policy. The final accounts, of which this Statement is

an integral part, outline the outturn of the Authority and are prepared in accordance with professional standards and are subject to external audit review. In order to demonstrate robust internal control, the Authority has:

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

The Council undertook a survey of all its staff in 2021/22 to assess their views on a range of issues including management, staff engagement and wellbeing. The findings have been made available to all staff and actions are in train to address areas of concern.

The findings are currently being considered in the context of the refresh of the Corporate Plan and incorporated into the production of service plans and priorities from 2022/23 onwards.

---

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

The Authority is proactive in engaging with citizens and other key stakeholders, and the pandemic which dominated the Council's working practices from mid-February 2020 onwards albeit that this has tapered down from 19 July 2021 drove ever closer working relationships with the National Health Service and accelerated integrated working.

The Authority in 2021/22 has demonstrated it was proactive in engaging and communicating with key stakeholders to boost and support the public. This has included working in partnership with the Towns Board to facilitate the delivery of the four projects agreed in the successful Towns Fund bid approved by the Department of Levelling Up, Housing and Communities.

The Council has a key role in taking forward the Greater Manchester Agenda including devolution initiatives by:

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

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

The Authority, as part of the 2011 Localism Act and accountability in local pay, agreed its annually updated Pay Policy Statement at the Budget Council meeting prior to the start of 2021/22 to further support the Authority's preference for openness and transparency.

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

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

During 2018/19 there was a handover of External Audit responsibilities from Grant Thornton (UK) LLP to Mazars LLP. Mazars LLP has been the Councils External Auditor since 2018/19 and will undertake the 2021/22 audit. The audit of the Housing Benefit subsidy claims, and Teachers Pension Service Return are being undertaken via arrangements agreed as a collaborative procurement across all Greater Manchester Councils and is being undertaken by KPMG LLP.

All External audit work is conducted with regard to the Code of Practice produced by the National Audit Office. Going forward certain changes are expected to external oversight as the recommendations from the Redmond Review are considered and implemented. For 2021/22 it is likely following a consultation that the deadline for the completion of the audit of the accounts will be extended to 30 November 2022 from 30 September 2022.

---

## 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. In the financial year 2021/22 the Council considered its future options for the wholly owned Unity Partnership Ltd. and formally agreed (Cabinet of 24 January 2022) to transfer the services and staff back in-house from 1 April 2022.

The Council has another wholly owned Company MioCare Community Interest Company (CIC) to assist it to provide key Adult Social Care Services. This Company has operated for a number of years since becoming operational on 1 December 2013. In the financial year 2021/22 the Council acquired the remaining equity stake in the company (previously a joint venture with private investors) and voting shares in the company (Interurban).

In the financial year 2021/22 the Council facilitated the acquisition of site at Bloom Street in central Oldham for the construction of a new Secondary School (the Brian Clarke Academy) from its partnership arrangement with Brookhouse Group. The site was subsequently transferred to the Department of Education to enable the work on site to begin.

The Council's vision to set up an urban farm has been reflected by a successful bid for funding from the Towns Fund. In order to enable this development to progress it has set up a wholly owned Charitable Company Northern Roots (Oldham Ltd) which will oversee the development of the Eco Park as set out in the present Masterplan.

The Authority has continued its plans to integrate with NHS services to improve the efficiency of public services. The continued partnership working of adult social care services and Oldham CCG in 2021/22 highlights the extent of the joint working taking place.

In response to governance failures reported elsewhere in the public domain the Audit Committee commissioned a review of risks associated with the governance of wider partnerships linked into the Council. This review reported on the risk from the Council's involvement in partnerships,

initially as of 31 March 2021 and then in two further reports. The conclusion was that risk is currently being well managed.

It is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 that, "Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control should include its group activities". This has been undertaken via the continued development of the partnership dashboard with two reports submitted to the Audit Committee and one to the Performance Overview and Scrutiny Committee highlighting the risks. This has been incorporated into the production of this Statement of Accounts and issues for consideration in the Annual Governance Statement.

---

## Risks on Current Significant Projects

---

The Authority has completed some significant projects, over the last 3 years, which were included in the capital programme. An on-going strategy, "Creating a Better Place", is a complex initiative which will involve working in partnership with others. Some elements of partnership working require considerable levels of one-off and recurrent funding from the Council. The Reserves Policy which was subject to review by the Audit Committee supports the resilience of the Council to deliver its aspirations as set out in the capital programme.

Given the complexity of some projects and changes in the construction market including increases in the level of inflation there remains an on-going risk to manage in relation to the oversight of 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 for consideration by Cabinet in 2021/22 with appropriate comments by key officers to enable appropriate review of the issues included risks before a decision is made. This analysis of risk reflects the expenditure incurred on Town Centre Developments and new schools in the financial year 2021/22.

The issues on both partnership risk and current project risk have been incorporated into this Annual Governance Statement where necessary.

---

## Review of Effectiveness

---

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

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

An internal audit programme is undertaken, which in 2021/22 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. There were



no specific matters brought to the attention of Internal Audit that required investigation in accordance with the Policies of the Council.

In the financial year 2021/22 it has been possible to concentrate on a full year of internal audit work and therefore in the Annual Report of the Head of Audit provides greater assurance than in 2020/21 when only limited assurance could be provided due to non-audit work been undertaken on the administration of COVID-19 business grants.

An external audit of the accounts for the year ending 31 March 2021 was undertaken by Mazars LLP and was reported to the Audit Committee on several occasions. At the time of the production of this Statement there remains the issue of the audit of the 2020/21 Whole of Government Accounts which still remains outstanding from an external audit perspective. This is a technical issue not under the control of the Council. Despite the challenges in finalising sign off of the 2020/21 accounts, the Auditor commented positively about the standard of the accounts and high quality working papers.

The 2021/22 accounts were submitted for audit within the Councils deadline of 31 May 2022 and will be presented to the Audit Committee for consideration at its meeting on 21 June 2021.

## Significant Governance Issues

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

| 2020/21 Issues   | Planned Management Action to Reduce Risk  |
|--|---|
| <p>The internal control environment on Adult Social Care systems did not sustain the improvements in the financial year 2021/22 for the fourth successive year compared to 2017/18. Issues identified in the 2021/22 internal audits need to be implemented as a priority to improve internal control.</p>   | <p>Added impetus will be given to strengthen the financial processes linked into the Mosaic system as the services pressures related to the COVID-19 pandemic are beginning to reduce. This will involve regular meetings of key staff responsible for the implementation of improvements identified. This will include a six-monthly report to the Director of Finance on the progress made on emerging issues and any improvements identified throughout the year.</p>  |
| <p>There are future changes to the Council's financial resilience due to uncertainty and matters outside of the Council's control such as the residual impact of Brexit, the longer term costs of the COVID-19 pandemic, the future level of government support for areas of high deprivation identified in the Levelling Up Agenda, planned reforms to Adult Social Care and the cost of living pressures which impact on the Council's plans for change. An added pressure is that the Council's previous plans to deliver savings by transformation may</p> | <p>During 2022/23, despite continuing to deal with the ongoing day to day pressures and statutory change, there are plans to improve efficiency around:</p> <ul style="list-style-type: none"> <li>• Delivering further transformation across all areas of the Authority via the plans to deliver budget savings.</li> <li>• Continued integration and co-operation with the NHS.</li> <li>• Collection of revenues due to the Council.</li> <li>• Managing capital resources and expenditure and taking forward the regeneration programme within the Creating a Better Place initiative.</li> <li>• Realising the value of entities in which the Council has a financial interest.</li> </ul> |

| <b>2020/21 Issues</b>   | <b>Planned Management Action to Reduce Risk</b>  |
|---|--|
| <p>continue to be constrained by the events outside its direct control.</p>   | <p>This will be supported by:</p> <ul style="list-style-type: none"> <li>• The Policy Team reviewing on-going updates of national and local policy.</li> <li>• An agreed Reserves Policy subject to regular review.</li> <li>• Joint working with key partners such as the NHS to better align resources.</li> <li>• Regular financial and performance monitoring which will highlight the achievement of budget reductions and efficiencies delivered by transformation.</li> </ul> <p>The Director of Finance considers the risks as part of the closure of accounts and during the financial monitoring arrangements for 2022/23.</p>   |
| <p>The Council has a number of key regeneration projects planned for the future as detailed in the Creating A Better Place Programme. Should one of these high-profile projects not be delivered as planned it is likely to result in reputational damage and/or an increase the financial pressure. This is more challenging in 2022/23 due to the impact of inflationary pressure on the construction market as the cost of construction contracts are increasing. In addition, the market conditions are in some instances, making it difficult to obtain insurance.</p> | <p>The Capital Investment Programme Board receives bimonthly reports on the high value projects once construction is underway.</p> <p>From month 3 there is detailed monitoring of the capital programme and specific schemes which will provide early warnings of pressures.</p> <p>The Council's Reserves Policy is reviewed on a regular basis by the Director of Finance to reflect the agreed risks linked into the capital strategy.</p> <p>An annual review of major Regeneration Projects included within the agreed Capital Programme will be undertaken by the Council during 2022/23 to assess the affordability of the capital programme in light of the inflationary increases and continued uncertainty over long-term funding.</p> <p>The Director of Finance considers the risks as part of the closure of accounts and during the future financial monitoring arrangements for 2022/23.</p> |
| <p>The audit opinion of the internal control environment for the operation of payroll including pension's administration continued to improve as of 31 March 2022 with the opinion upgraded to "adequate" at the year-end. The system requires these improvements to be maintained in the financial year 2022/23 as previous practice indicates that improvements in the internal control system have not been maintained.</p>  | <p>The administration of the payroll system will be subject to regular review by the Internal Audit Service.</p> <p>A report will be prepared for the Audit Committee at its meeting in December 2022 outlining the progress made in improving internal control informed by the half year Internal Audit Fundamental Financial System review of the system. The full year review completed at the end of 2022/23 will inform the completion of the 2023/24 AGS.</p>  |

| 2020/21 Issues  | Planned Management Action to Reduce Risk   |
|---|--|
| <p>The continued compliance with the National Transparency Agenda has increased the risk to the Council of a future fraud and this has been enhanced by the COVID-19 pandemic. Information included in the public domain and obtained under Freedom of Information requests is used to exploit the Council.</p> | <p>There are regular reviews of the internal control mechanism including documenting changes to procedures operated due to home working to ensuring adequate controls are in place to prevent third parties receiving inappropriate payments.</p> <p>Ongoing review of the published information which is a legislative requirement under the Transparency Agenda is undertaken to balance whether the wider public interest test is served by publication of the data.</p>  |
| <p>The future reforms to Health Integration do not result in the efficiencies anticipated due to increased demand caused by a number of factors including the residual impact of the pandemic.</p>  | <p>The Council can with its current Decision Making Processes increase its flexibility to increase/decrease the contribution to the pooled budget managed under a Section 75 Agreement with Oldham CCG (using the powers of the NHS Act 2006). This is on the assumption this flexibility will enable the whole health and care system to implement future efficiencies to generate overall savings/ improved service. This flexibility will be kept under continued review to maximise future opportunities for efficiency in Adult Social Care</p> <p>The Director of Finance considers the emerging risks arising from the transformation as part of the closure of accounts for 2021/22, The ongoing review of the council's reserves/ financial resilience and ongoing budget monitoring for 2022/23.</p> |
| <p>The present contractual arrangements with a number of key suppliers needs to be reviewed and better documented. This would enable any amendments required in a future emergency can be minimised.</p>  | <p>A group of key officers led by the Director of Finance meets as and when required throughout 2022/23 to review the present contract documentation in place for contracted suppliers. This will ensure that appropriate revisions are made to ensure future improvements are made.</p> <p>Should the Director of Finance require it, a report will be prepared by a Service Area to be presented to the Audit Committee outlining plans to contract and commission future services.</p>  |
| <p>There are outstanding legal matters linked into ongoing action against other local authorities which have the potential to impact on past custom and practice within the Authority which could have a significant future financial impact.</p>   | <p>Key cases will be subject to regular review by Statutory Officers within the Council to assess the risk of an adverse financial impact.</p> <p>Regular reports which monitor the risk to the Council of issues highlighted in the Annual Governance Statement will be presented to the Audit Committee.</p>   |

| 2020/21 Issues   | Planned Management Action to Reduce Risk   |
|--|--|
|  | The reports will advise of developments and any action taken or required.  |
| In order to comply with the deadline on submitting the accounts by 31 May 2022 it will be necessary to submit the valuation of infrastructure assets using the method used to close the 2020/21 accounts. There is an ongoing consultation about the methodology for future valuation of such assets which has the potential to require the 2021/22 accounts to be restated. | The outcome of the consultation will be evaluated once the outcome is known (expected to be 30 June 2022 at the earliest) and if required the accounts will be restated using the new methodology. The timescale for undertaking this action is less than clear as new valuations will need to be commissioned by the Council. As this is a national issue, it impacts on all Local Authorities. |

---

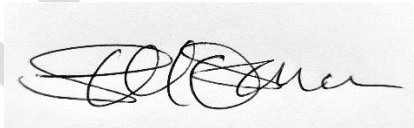
## Summary

---

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 Amanda Chadderton  
Leader of Oldham Council



Sayyed Osman  
Deputy Chief Executive Oldham Council

## 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/Agencies**

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

### **Amortisation**

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

### **Appointed Auditors**

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

### **Asset**

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

### **Associate Companies**

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

### **Association of Greater Manchester Authorities (AGMA)**

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

### **Balances**

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

### **Better Care Fund (BCF)**

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

### **Capital Adjustment Account**

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

**Capital Expenditure**

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

**Capital Financing Charges**

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

**Capital Receipts**

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

**Carrying Amount**

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

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services.

**Collection Fund**

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

**Community Assets**

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

**Contingency**

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

**Contingent Liabilities or Assets**

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

**Co-operative Council**

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

**Council Tax Requirement**

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

**Creditors**

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

**Current Service Cost**

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

**Current Value**

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

**Curtailement**

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

**Debtors**

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

**Dedicated Schools Grant (DSG)**

The DSG is a ringfenced grant payable to Local Authorities for the funding of both academies and maintained schools. It can only be used to finance expenditure that is included in the school's budget, as defined in the School Finance and Early Years (England) Regulations 2020/21. The schools budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each academy and Council maintained school.

**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.

**Department for Levelling Up, Housing and Communities (DLUHC)**

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

**Depreciation**

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

**Depreciated Replacement Cost (DRC)**

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

**Derecognition**

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

**Discounts**

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the

repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

### **Earmarked Reserves**

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

### **External Audit**

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

### **Fair Value**

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

### **Fees and Charges**

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

### **Finance Lease**

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

### **Financial Instruments**

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

### **Financial Management Code**

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

### **Financial Regulations**

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

### **General Fund**

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

### **Greater Manchester Combined Authority (GMCA)**

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



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

### **Heritage Asset**

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

### **Housing Benefit**

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

### **Housing Revenue Account (HRA)**

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

### **Impairment**

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

### **Infrastructure Assets**

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

### **Intangible Assets**

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

### **Interest Cost (Pensions)**

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

### **International Financial Reporting Standard (IFRS)**

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

### **Inventories**

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

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

### **Investment Properties**

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

### **Joint Venture**

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

### **Leasing Costs**

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

### **Lender Option Borrower Option (LOBO)**

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

### **Lessor and Lessee**

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

### **Liabilities**

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

### **Loss Allowance**

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

### **Materiality**

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

### **Medium-Term Financial Strategy (MTFS)**

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

### **Minimum Revenue Provision (MRP)**

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

### **Non Domestic Rates (NDR) (also known as Business Rates)**

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

### **Net Book Value (NBV)**

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

### **Net Debt**

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

**Outturn**

Actual expenditure and income compared to the budget.

**Pooled Aligned Budget**

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

**Pooled Budget**

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

**Pooled Fund**

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

**Precept**

The amount collected by the Council on behalf of other bodies. For 2021/22 the major precepts were payable in relation to the GM Mayor as Police and Crime Commissioner and the Mayoral General Precept (including Fire Services).

**Premiums**

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

**Prior Period Adjustments**

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

**Private Finance Initiative (PFI)**

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

**Property, Plant and Equipment (PPE)**

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

**Provisions**

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

**Public Works Loan Board (PWLB)**

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

**Related Parties**

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

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

## **Remeasurement of the Net Defined Benefit Liability**

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- a) actuarial gains and losses
- b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

## **Reporting Standards**

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

## **Reserves**

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

## **Revaluation Reserve**

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

## **Revenue Contributions**

The method of financing capital expenditure directly from revenue.

## **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

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

## **Section 75 (S.75) Agreement**

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

## **Subsidiary**

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

## **Treasury Management**

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

## **Treasury Management Strategy (TMS)**

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

## **Trust Funds**

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

**TUPE (Transfer of Undertakings (Protection of Employment) Regulations)**

TUPE regulations protect an employee's rights on transfer to a new employer.

**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.

DRAFT